



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

15 April 2024

## **Notice to the shareholders of abrdn SICAV II**

Dear Shareholder,

We are writing to inform you of the changes that the Board of Directors of abrdn SICAV II (the “**Company**”) proposes to make to the Company and certain of its sub-funds (the “**Funds**”) with effect from 16 May 2024 (the “**Effective Date**”). The principal proposed changes are detailed in this letter.

Capitalised terms used in this letter shall have the same meaning as set out in the latest version of the prospectus of the Company (the “**Prospectus**”) unless the context otherwise requires.

### **1. Change of name for abrdn SICAV II – Absolute Return Global Bond Strategies Fund and associated changes to its Investment Objective and Policy**

From the Effective Date, the name of the abrdn SICAV II – Absolute Return Global Bond Strategies Fund will change to abrdn SICAV II – Macro Fixed Income Fund.

The change of name is intended to better reflect the investment strategy of the Fund, which aims to build a diversified portfolio across the fixed income universe, based on abrdn’s views of the global economy and the expected implications on fixed income asset classes over the medium term (the macro environment).

As part of the updates to the Fund, certain updates will be made to the Investment Objective and Policy to enhance disclosures and deliver improved clarity and transparency for investors. These changes seek to enhance disclosures, particularly concerning potential exposure to both investment grade and sub-investment grade securities. Additionally, we aim to provide investors with a more comprehensive understanding of the broad investment universe in which the Fund may invest. Details of the new Investment Objective and Policy for the Fund can be found in Appendix 1.

These updates will not materially impact the target outcome or the risk profile of the Fund.

### **2. Conversion of abrdn SICAV II - Emerging Market Local Currency Debt Fund into a Promoting ESG Fund and associated changes to its Investment Objective and Policy**

abrdn, through its Investment Managers, is committed to continuously reviewing its range of Funds to ensure that they continue to meet client requirements as they develop and change over time. Recently a clear increase has been identified in client focus on Environmental, Social and Governance (“**ESG**”) issues and wider sustainability.

Sustainability risk integration is a key part of abrdn’s investment process and as part of this process we are now looking to make changes to the Fund to further promote the Fund’s ESG characteristics.

The Fund will incorporate negative screening based on ESG Factors and societal norms. In addition, securities with the highest ESG risks will be screened out via abrdn’s ESG House Score along with quantitative and qualitative inputs and asset class specific screens. Finally, the Fund will have explicit

#### **abrdn SICAV II**

35a, avenue John F. Kennedy, L-1855 Luxembourg  
Telephone: +352 26 43 30 00 Fax: +352 26 43 30 97 abrdn.com  
Authorised and regulated by the CSSF Luxembourg. Registered in Luxembourg No B78797



portfolio ESG targets as set out in the new Investment Objective and Policy. Through the application of this approach, the Fund commits to having a minimum of 5% in Sustainable Investments.

Please refer to Appendix 2 for details of the ESG investment strategy of the Fund.

The changes do not alter the risk profile of the Fund.

The following table summarises the changes to the Fund that will take place on the Effective Date. It also sets out the SFDR classification and estimated rebalancing costs as further described below.

Fund Name	Estimated rebalancing costs (% of AUM as at 20 March 2024)	Category	SFDR Classification	
			Current	New
abrdn SICAV II – Emerging Market Local Currency Debt Fund	0.02%	Promoting ESG	Article 6	Article 8

Details of the new Investment Objective and Policy for the Fund can be found in Appendix 2 and the investment approach document can be found at [www.abrdn.com](http://www.abrdn.com).

### **Portfolio Rebalancing**

Shareholders are informed of the associated cost impact of the rebalancing of the portfolio with the estimated amount as set out in the table above (including spreads, commissions and taxes). Such costs will be borne by the Fund. Any additional cost associated with implementing the changes set out above (such as legal, regulatory or administrative costs) will be borne by a group company of abrdn plc.

Please note, that it is intended that the Fund will become fully compliant with its new investment mandate as described above (the “**New Investment Mandate**”) as soon as practicably possible, but this is not expected to exceed 1 calendar month following the Effective Date (the “**Rebalancing Period**”). Shareholders should be aware that during the Rebalancing Period, the Investment Manager may need to adjust the Fund’s portfolios and asset allocation in order to implement the New Investment Mandate. As such, the Fund may not fully adhere to the New Investment Mandate during this brief period.

### **SFDR**

The Fund will, from the Effective Date, be classified as Article 8 under the EU’s Sustainable Finance Disclosure Regulation (“**SFDR**”), changing from Article 6 as shown in the table above. Article 8 funds are those that promote social and/or environmental characteristics, invest in companies that follow good governance, give binding commitments but do not have a sustainable investment objective.

### **3. Change of name for abrdn SICAV II – Total Return Credit Fund and associated changes to its Investment Objective and Policy**

From the Effective Date, the name of the abrdn SICAV II – Total Return Credit Fund will change to abrdn SICAV II – Global Income Bond Fund.

The change of name is intended to better reflect the increased focus on yield generation for the Fund.

As part of the updates to the Fund, certain changes will be made to the Investment Objective and Policy to reflect a simplification of the strategy, with an increased focus on yield generation and a reduction in derivative usage. To allow clients to assess performance more easily, a performance target will also be introduced, and the Fund will aim to outperform the Bloomberg Global Aggregate Corporate BBB Index (USD) with a yield greater than the index over rolling three-year periods (before charges).

Details of the new Investment Objective and Policy for the Fund can be found in Appendix 3.

These updates will not materially impact the performance or the risk profile of the Fund.

Shareholders are informed of the associated cost impact of the rebalancing of the portfolio, estimated to be 0.025% of the Net Asset Value of the Fund as at 20 March 2024 (including spreads, commissions and taxes). Such costs will be borne by the Fund. Any additional cost associated implementing the changes set out above (such as legal, regulatory or administrative costs) will be borne by a group company of abrdn plc.

Please note, that it is intended that the Fund will become fully compliant with its new investment mandate as described above (the “**New Investment Mandate**”) as soon as practicably possible, but this is not expected to exceed 1 calendar month following the Effective Date (the “**Rebalancing Period**”). Shareholders should be aware that during the Rebalancing Period, the Investment Manager may need to adjust the Fund’s portfolios and asset allocation in order to implement the New Investment Mandate. As such, the Fund may not fully adhere to the New Investment Mandate during this brief period.

#### **4. Change of carbon intensity target for abrdn SICAV II – Euro Corporate Sustainable Bond Fund and associated changes to its Investment Objective and Policy**

From the Effective Date, the Fund’s Investment Objective and Policy will be updated to reflect a change in the Fund’s carbon intensity target to a decarbonisation target with a phased reduction of this target over time. Using the benchmark carbon intensity as of 31 December 2019 as a baseline, the Fund will target a portfolio level carbon intensity that is at least 25% lower than the baseline by 31 December 2025 and at least 55% lower by 31 December 2030. As the Fund and investment universe evolves, the carbon intensity target is expected to be updated, and additional milestones added. Investors will be notified in advance of any such updates.

This update will not alter the performance or risk profile of the Fund and no portfolio rebalancing will be required as a result of the update.

#### **5. Update to the Delegation Framework for Investment Management of the Funds**

abrdn has established a global network of investment management entities through which the Management Company obtains active investment advisory and management services to manage its Funds. The Funds benefit from the depth and interaction of this global investment advisory network and enjoy the advantages of having specialist personnel who have local expertise and timely access to the latest local market information. The Investment Managers are responsible for day-to-day management of the Funds’ portfolios in accordance with the stated investment objectives and policies.

abrdn is committed to continuously reviewing its prospectuses and processes to include any efficiencies and increase transparency. As such, in order to offer greater flexibility, efficiency and increased transparency to investors, a new delegation framework is to be introduced which will enable (i) the Management Company to appoint or remove Investment Managers belonging to abrdn Group and (ii) the Investment Managers to, from time to time, appoint or remove additional entities of the abrdn Group to assist with portfolio management, without the current requirement to update the Prospectus and issue a notice.

No one month prior notice will be required provided that (1) such appointment will have no significant impact on the way the relevant Fund is being managed, (2) no additional fees will be charged to the relevant Fund, as any additional entities will be remunerated by the relevant Investment Manager out of the Investment Management Fee, and (3) the additional entity is a current abrdn Group entity disclosed in the Prospectus. From the Effective Date, shareholders will be able to access up-to-date information on the appointed abrdn Group entities for their relevant Funds at [www.abrdn.com](http://www.abrdn.com) under “Fund Centre”.

The list of abrdn Group entities which can be appointed is set out below and will be disclosed in the main part of the Prospectus in the “Management and Administration” section along with full entity details.

abrdn Investments Limited  
abrdn Investment Management Limited  
abrdn Inc.  
abrdn Hong Kong Limited  
abrdn Asia Limited  
abrdn Japan Limited  
abrdn Brasil Investimentos Ltda. (as Investment Advisor)

Any appointed Investment Managers and/or Investment Advisors which do not belong to the abrdn Group will continue to be disclosed in the relevant Fund description in the Prospectus and on the website at [www.abrdn.com](http://www.abrdn.com). Any changes relating to such third party entities would be communicated to investors.

## **6. Data Processing Agents**

You are reminded that by subscribing for or purchasing Shares of the Company, you acknowledge and accept that data (including, as relevant, Personal Data) will be processed for the purpose of the investment services and compliance obligations described in the Prospectus and in particular, that the disclosure and the transfer of your data (including, as relevant, Personal Data) may take place to Processors which are located in countries outside of the European Union, and which are not subject to an adequacy decision of the European Commission and whose legislation may not ensure an adequate level of protection as regards the processing of data (including, as relevant, Personal Data).

From the Effective Date, a full list of entities that are receiving data from the Data Processing Agents of the Company will be available at [www.abrdn.com](http://www.abrdn.com) under “Fund Centre” in relation to the Registrar and Transfer Agent and at <https://www.citigroup.com/global/about-us/global-presence/luxembourg> in relation to the Depositary and Administrator.

## **Rights of Shareholders**

Shareholders affected by the changes mentioned above, who feel that they no longer meet their investment requirements, may request redemption or switching of their Shares until 13:00 hours Luxembourg time on 15 May 2024.

## **Prospectus**

The changes detailed in this letter will be reflected in a new Prospectus to be dated 16 May 2024. The relevant Key Information Documents will be updated accordingly.

Your Board of Directors accepts responsibility for the accuracy of the information contained in this letter. To the best of the knowledge and belief of your Board of Directors (who have taken reasonable care to ensure this is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the importance of such information.

If you have any questions or would like any further information, please contact us at our registered office or, alternatively, call one of the following Shareholder Service Centre helplines:

**Europe (excluding UK) and rest of the World +352 46 40 10 820**

**UK +44 1224 425 255**

**Asia +65 6395 2700**

Your Board of Directors believes that the changes are fair and reasonable and are in the best interests of Shareholders.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Bird'.

Stephen Bird  
For and on behalf of  
the Board of Directors – abrdn SICAV II

## **Appendix 1 – New Investment Objective and Policy**

### **ABRDN SICAV II – MACRO FIXED INCOME FUND**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is to deliver long term total return by investing in a diversified portfolio of debt and debt-related securities (both investment grade and sub-investment grade) from across the global fixed income universe, in both developed and emerging markets. The Sub-fund is actively managed and aims to exceed the return on cash (SONIA has been chosen as a proxy for the return on cash deposits) by three percent per annum, evaluated over rolling three year periods (before charges).

Debt and debt-related securities held by the Sub-fund may be of any credit quality. The Sub-fund may invest up to 100% of its net assets in sub-investment grade securities and up to 10% of its net assets (in aggregate) in distressed and defaulted securities.

The Sub-fund aims to exploit market inefficiencies through active allocation to a diverse range of market positions. The Sub-fund uses a combination of traditional assets (such as bonds, cash and money market instruments) and investment strategies based on derivative techniques, resulting in a diversified portfolio. The Sub-fund may, subject to and in accordance with the UCI Law and applicable CSSF circulars, can take long and short positions in markets, securities and groups of securities through derivative contracts. Leverage in the Sub-fund arises as a result of the use of derivatives.

The Sub-fund seeks strategies from across the entire fixed income and foreign exchange investment universe, looking for returns through dynamic allocation to investment opportunities in traditional and advanced asset strategies. Through this combination of diversified returns, the Sub-fund aims to minimise the impact of market volatility and therefore reduce risk. Indeed, the volatility of the Sub-fund is not expected to exceed 5% in normal market conditions while maintaining the return objective.

Examples of strategies that may be used at any time may include:

- An assessment of the direction of credit quality in one market compared to another. Changes in credit quality can influence the valuation of assets and this strategy would position the portfolio to benefit from such changes. Rather than invest in physical securities, this strategy could be implemented through the use of derivatives in the form of credit default swaps.
- An assessment of the value of one currency relative to another. The strategy could involve the sale of the currency considered overvalued and purchase of the currency considered undervalued. Derivatives, in the form of forward foreign exchange contracts, could be used to implement the strategy.
- An assessment of the direction of interest rates. Derivatives, in the form of interest rate swaps, could be used to position the portfolio such that it could benefit from the future direction of interest rates.

Additionally the Sub-fund may invest in other forms of eligible transferable securities, deposits, money market instruments and undertakings for collective investment.

The Sub-fund may utilise financial derivative instruments extensively for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank

deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be a different currency specific benchmark with similar characteristics.

## **Appendix 2 – New Investment Objectives and Policies**

### **ABRDN SICAV II – EMERGING MARKET LOCAL CURRENCY DEBT FUND**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long term total return to be achieved by investing at least 70% of its net assets in Emerging Market currencies and Emerging Market local currency-denominated debt and debt-related securities. These include bonds as well as inflation-linked bonds issued by governments, supranational institutions or government-related bodies. The Sub-fund may hold investment grade and sub-investment grade corporate bonds issued in these countries, as well as government debt and debt-related securities, investment grade and sub-investment grade corporate bonds and other bonds issued in non-Emerging Market countries worldwide. The Sub-fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, interest rate and credit default swaps) and collective investment schemes.

The Sub-fund may, subject to and in accordance with the UCI Law and applicable CSSF circulars, use derivative contracts for the purpose of meeting its investment objective and for efficient portfolio management (including hedging).

The Sub-fund may invest up to 100% of its net assets in sub-investment grade debt and debt-related securities.

The Sub-fund may invest up to 20% of its net assets in Mainland China debt and debt-related securities listed on PRC stock exchanges or traded on other PRC markets including on the China Interbank Bond Market via Northbound trading link through Bond Connect or by any other available means.

The Sub-fund is actively managed. The Sub-fund aims to outperform the JP Morgan GBI-EM Global Diversified Index (USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all debt and debt-related securities will follow the abrdn "Emerging Market Local Currency Debt Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund has an expected minimum of 5% in Sustainable Investments.

This approach is designed to evaluate the Environmental, Social, Governance and Political ("ESGP") characteristics of sovereign issuers using a range of data points. This data results in a score being calculated for each of the four ESGP pillars and an overall ESGP score is then assigned to each issuer, based on an equally weighted average across the pillars. The overall ESGP score allows a subset of countries falling below a threshold to be excluded from the investment universe.

In addition to the exclusion threshold, a forward-looking qualitative Direction of Travel assessment is conducted. This assessment is based on internal research and focuses on material ESG factors, allowing quantitative exclusions to be overridden where ESGP weaknesses are being adequately addressed by the sovereign issuer and this is not reflected in the data.

To promote sustainable development, the Sub-fund may invest in Green bonds, Social bonds or Sustainable bonds issued by excluded countries where the proceeds of such issues can be confirmed as having a positive environmental or social impact.



For investments in debt and debt-related securities issued by corporations, the abrDN ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrDN apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with issuers is a part of abrDN's investment process and ongoing stewardship programme. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Emerging Market Local Currency Debt Promoting ESG Investment Approach", which is published at [www.abrDN.com](http://www.abrDN.com) under "Fund Centre".

Investment in financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

## **Appendix 3 – New Investment Objective and Policy**

### **ABRDN SICAV II – GLOBAL INCOME BOND FUND**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The objective of the Sub-fund is to provide long term total return by investing in a diversified portfolio of debt and debt-related securities from across the global fixed income universe, in both developed and emerging markets. Up to 100% of the Sub-fund's assets may be invested in sub-investment grade debt and debt-related securities.

The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate BBB Index (USD) with a yield greater than the index over rolling three-year periods (before charges). There is however no certainty or promise that the Sub-fund will achieve this level of return.

The Sub-fund is actively managed by the investment team, who will select securities without reference to an index weight or size with the aim of taking advantage of opportunities they have identified. The Sub-fund will invest in debt and debt-related securities that are listed or traded anywhere in the world (including in Emerging Markets), including government and corporate bonds, asset-backed securities, sub-investment grade bonds and inflation-linked bonds. The Sub-fund may also invest in other transferable securities, floating rate notes, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, bond futures, interest rate swaps and credit default swaps) and collective investment schemes.

The Sub-fund will not invest more than 20% of net assets in asset-backed securities.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all debt and debt-related securities issued by corporations will follow the abrdn "Global Income Bond Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund has an expected minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets a lower carbon intensity than a comparable investment universe defined as follows:

50% Bloomberg Global High Yield Corporate Index, 30% Bloomberg Global Aggregate Corporates Total Return Index and 20% JP Morgan CEMBI Broad Diversified Index.

This composite index is used as an appropriate comparator for ESG purposes. However, this index combination is not used as a performance comparator, or as a reference point for portfolio construction or for setting risk constraints.

This approach utilises abrdn's fixed income investment process, which enables portfolio managers to qualitatively assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with external company management teams is a part of abrdn's investment process and ongoing stewardship programme. This process evaluates the ownership structures, governance and management quality of those companies, in order to inform portfolio construction. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Global Income Bond Promoting ESG Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Investment in financial derivatives instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. In particular, interest rate swaps and government bond futures may be used to manage the overall interest rate risk in the portfolio, while contracts on credit default swap indices may be used to add or reduce high yield credit exposure, based on the investment team's view of the market.

There is no benchmark used for portfolio construction or as a basis for setting risk constraints in the management of the Sub-fund. The investment team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the Sub-fund is not ordinarily expected to exceed 8% over the longer term.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.