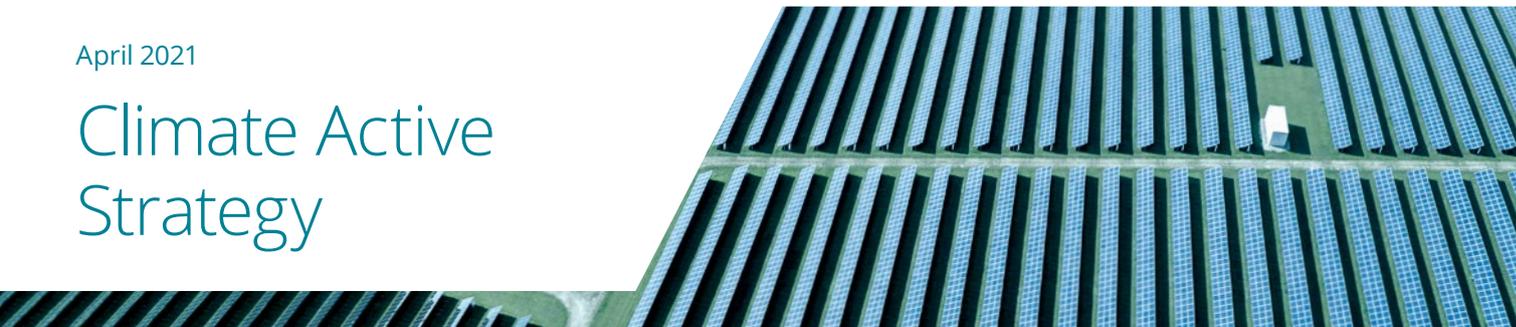


Climate Active Strategy



Everyone is talking about climate change but how can investors get involved? At Aberdeen Standard Capital (ASC) we have developed a climate active strategy to help address some of the issues around climate change. This strategy invests in companies that are at the forefront of driving the transition to carbon-zero.

Climate change is one of the biggest crises facing humanity. We see the physical effects and devastation on a daily basis: from record temperatures, more intense and longer-lasting wildfires, and severe storms and flooding. These will only become more frequent and destructive as the concentration of greenhouse-gas (GHG) emissions in the atmosphere increases.

Government, businesses and society need to pull together if we are to help repair and reduce the critical impacts of a changing climate.

The Paris Agreement focuses on keeping the global temperature rise in this century to well below 2 degrees Celsius above pre-industrial levels. The preferred target in order is 1.5 degrees – to avoid “severe, widespread and irreversible” climate-change effects.

Worryingly, if current trends continue, the world is likely to pass the 1.5 degrees Celsius mark between 2030 and 2050. That’s unless we find a way to reach net-zero emissions.



Mitigating climate change will require a **\$2tn p.a.** increase in capital allocation to lower carbon activity



Approximately **1.2bn jobs** threatened by Climate Change ¹



Since 1980, extreme weather has cost the global economy ² **\$1.6tn**

Playing your part with the ASC Climate Active Strategy
Invest with confidence that you are making a real difference to the world you live in.

The Strategy invests in companies across five pillars identified as key areas where social and business practices have an impact on the environment. Core to each pillar is the products’ and services’ ability to assist in cutting emissions, improving resource efficiency or reducing waste and pollution. Their ultimate aim should be enabling society to transition to a lower carbon, more sustainable economy.

Carbon emissions: In building the Strategy, our aim is to keep the overall emissions below that of the comparable benchmark.³



Julie-Ann Ashcroft
Head of Investments,
Aberdeen Standard Capital

“We believe that just utilising a negative screening approach when it comes to climate change is now outdated and backward-looking. Instead, a positively themed approach, which directs investments to those initiatives most focused on mitigating climate change in the future, is far more meaningful.”

¹ Source: International Labour Organization. “Greening with Jobs, World Employment and Social Outlook 2018.

² Source: National Centers for Environmental Information. “Billion-Dollar Weather and Climate Disasters Overview.

³ Comparable benchmark is 75% FTSE World, 10% BoAML Sterling Non-Gilt, 10% FTA Govt All Stocks, 5% Cash.

How companies are measured and selected



How we source and power

Sourcing food, water, basic materials and generating power are among the most significant contributors to climate change and environmental degradation. They are also the key enablers of daily life. Those companies investing in and developing products and services that help deliver reliable, sustainable and low-carbon supplies may capture more future growth and profits.



How we build

The number of people living in urban areas is expected to double by 2050 as the global population grows. Building sustainable infrastructure and incorporating energy-efficient and low-emission technologies is crucial to mitigating and adapting to the pressure this growth brings, lowering future energy requirements and operating costs.



How we transport

Transportation is a major contributor to air pollution and GHG emissions. It is vital for economic growth and there are a variety of investible solutions that help to address current environment issues. These include sustainable transport systems, fuel efficient technology and alternative fuel systems such as electric vehicles.



How we make and use

Global industrial output is projected to nearly double by 2050, but is very resource intensive in its current form. Therefore, facilitating growth while tackling climate change and environmental degradation requires a transformation in how we design, produce, consume and recycle goods and services.



How we operate

We designed the final pillar to provide exposure to companies and industries not principally associated with environmental investments. However, their quality of operations and/or influence over supply chains is material to addressing climate change, and supporting more sustainable business practices.

We combine this framework with our ASC investment approach, which assesses the risks of climate change. This analysis is a core component of our investment research and environmental, social and governance (ESG) integration.

Clients can use this approach either on its own or in conjunction with the application of bespoke screening options to help meet specific restrictions.

The Climate Active Strategy is a medium-high risk, directly invested portfolio built to deliver returns through income and capital growth

The Climate Active strategy invests across a range of asset classes:



Equities

We invest in companies that generate a large portion of their sales from green products like clean power generation, electric vehicles, smart working, energy efficiency, and greener buildings. We also consider wider sustainability issues such as pollution control and sustainable water use.



Fixed Income

Fixed income exposure is via a pooled Ethical Corporate Bond Fund. This vehicle invests in line with the Aberdeen Standard Investments Ethical Policy Statement.



Listed Alternatives

The Strategy invests in wind farms, solar parks and storage via infrastructure investment trusts.

Key Benefits



Help finance climate transition

We have searched the globe to find companies whose products drive the shift to a zero-carbon green economy.

Investors can support these companies by putting their money to work and helping to finance the climate transition.



Long-term investment opportunity

We expect large, sustained growth in green energy, electric vehicles and other green technologies in the coming decades.

Therefore, as well as helping to address one of the world's biggest problems, we also believe the climate theme is an exciting long-term investment opportunity.



Diversification

The strategy invests across equities, fixed income and listed alternatives. Being diversified across a number of different asset classes reduces the risk and allows us to participate more broadly in the climate theme.

Next steps

Our Climate Active Strategy is just one of many solutions we offer clients who want to do more with their wealth and invest sustainably and responsibly.

To find out more about how Aberdeen Standard Capital are playing our part in a more sustainable future and the options available to clients, please speak to your local Aberdeen Standard Capital representative or email asc@aberndeenstandard.com.

Important Information

The value of an investment is not guaranteed and can go down as well as up. An investor may get back less than they invested. Past performance is not a guide to the future.

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