abrdn III ICAV

Annual Report and Audited Financial Statements

For the financial period from 1 June 2023 to 30 November 2023

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Contents

Management and Administration

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Dublin 2
Ireland

Directors of the ICAV*
Fiona Mulcahy#
Paul O'Faherty#
Liam Stack
Louise Drummond
Mark Kelly

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Depositary
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Secretary
Carne Global Fund Managers (Ireland) Limited
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55 Charlemont Place
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Ireland

*Directors' details can be found in the Directors' Report.
#Independent non-executive Director.

Background to the ICAV

Structure

abrdn III ICAV (the "ICAV") was registered in Ireland pursuant to the Irish Collective Asset-Management Vehicles Acts 2015 to 2021 (the "ICAV Acts") on 30 November 2021 under registration number C469164 and is authorised and regulated by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the UCITS Regulations 2019 (as amended). The sole object of the ICAV is the collective investment of its funds in either or both transferable securities and other liquid financial assets of capital raised from the public and operating on the principle of risk-spreading in accordance with the UCITS Regulations and the giving to Shareholders the benefit of the results of the management of its funds.

The ICAV is organised in the form of an umbrella fund with segregated liability between Funds. Each Fund will bear its own liabilities and none of the ICAV, any of the service providers appointed to the ICAV, the Directors, any receiver, examiner or liquidator, nor any other person will have access to the assets of a Fund in satisfaction of a liability of any other Fund. Investors should refer to the section “Financial Instruments and Associated Risks” for further details.

The ICAV may comprise different Funds (each a "Fund"), each with one or more classes of shares. Different classes of shares may be issued from time to time with the prior notification to and clearance of the Central Bank. Each class represents interests in a Fund and may be income classes of shares, which are intended to distribute dividends as set out in the prospectus and the relevant supplement.

At the financial period ended 30 November 2023, the ICAV comprises of the Fund and one class with the respective currency listed below:

Fund	Share Class	Class Currency
abrdn Global Real Estate Active Thematics UCITS ETF	USD Accumulating ETF	$

References herein to the Fund as to the abrdn Global Real Estate Active Thematics UCITS ETF. The ICAV has one further unlaunched Fund, abrdn Metaverse UCITS ETF.

Investment Objectives

The ICAV has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The specific investment objectives, strategies and policies for each Fund will be set out in the relevant supplement.

The assets of each Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised in the “Investment Restrictions” section and such additional investment restrictions, if any, as may be adopted by the Directors for any Fund and specified in the relevant supplement. The Directors have established the Fund is an actively managed ETF by the Investment Manager, and it seeks to achieve a specific investment objective, which includes outperforming its benchmark index. Information in relation to the investment objectives and types of instruments or securities in which the relevant Fund will invest will be set out in the relevant supplement.

The securities in which each Fund invests will be primarily listed or traded on Recognised Markets, although the Funds may also invest in unlisted securities in accordance with the limits set out in the UCITS Regulations. The Fund has been listed on the Frankfurt Stock Exchange since 1 March 2023 and is traded on Deutsche Börse (Xetra). It is a Fund of abrdn III ICAV, an open-ended umbrella Irish collective asset-management vehicle and an umbrella fund with segregated liability between Funds formed in Ireland under the ICAV Acts and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations with registered number C469164.

abrdn Global Real Estate Active Thematics UCITS ETF

Investment Objective of the Fund is to generate growth over the long term (5 years or more) by investing in listed real estate investment trusts (“REITs”) and equities (company shares) of companies engaged in real estate related activities globally.

Performance Target of the Fund is to outperform the FTSE EPRA NAREIT Developed Net Index (the “Benchmark Index”) before charges. There is however no certainty or promise that the Fund will achieve the Performance Target.

The Investment Manager believes this is an appropriate target for the Fund based on the investment policy of the Fund and the constituents of the Benchmark Index.

Background to the ICAV (continued)

Investment Objectives (continued)

Sustainable Finance Disclosure Regulation (SFDR)

Between February 2023 and January 2024, the Fund's SFDR pre-contractual disclosure document available as standalone document on the website was different to the SFDR pre-contractual disclosure document included in the Fund Supplement as an Annex. The latter document was the correct version. Whilst there were no major differences between the two documents, the standalone document included an error. This was a disclosure error only which did not impact on the Fund's performance, as the Fund has always been managed in line with Investment Objective and Policy detailed in the Fund Supplement and the Sustainable Investment Approach document. The incorrect information identified is detailed below and the updated SFDR Pre-contractual document can be found at www.abrdn.com/en-ie/investor/funds/view-all-funds.

Incorrect wording detailed in the SFDR pre-contractual disclosure document available as standalone document on the website:
The ESG House Score threshold level is set on the regional level (APAC, UK/Europe and Americas) and aims to exclude companies that have both operational and governance scores in the bottom 30%-tile range.

Corrected with the following wording:
The ESG House Score threshold level is set on the regional level (APAC, UK/Europe and Americas) to exclude the bottom 20% of companies across the three regions.

The SFDR disclosures relating to the environmental or social characteristics of the Company can be found on page 45.

Directors' Report

The Directors present their report together with the annual audited financial statements for the period from 1 June 2023 to 30 November 2023.

Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The ICAV Acts require the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS *International Financial Reporting Standard's as adopted by the European Union (EU) and applicable law.* The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the ICAV at the end of the financial year and of the profit or loss of the ICAV for the financial year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the ICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the ICAV or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the ICAV and enable them to ensure that the financial statements comply with the ICAV Acts and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard they have entrusted the assets of the ICAV to a depositary for safe-keeping. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Acts.

Principal Activities, Review of Business and Future Developments

The ICAV was registered on 30 November 2021. The Fund was authorised on 2 November 2022 and launched on 22 February 2023. The Fund was listed on the Frankfurt Stock Exchange on 1 March 2023.

The ICAV Acts require an initial audited report within 18 months of the ICAV’s incorporation. Therefore, the initial reporting period for the ICAV covered the period to 31 May 2023. The second annual report covers the period from 1 June 2023 to 30 November 2023. Subsequent annual reports thereafter will cover 12 month periods from 1 December to 30 November in each year.

A detailed review of the business and principal activities is included in the Background to the ICAV and in the Report of the Manager. Over the period under review, the Fund outperformed its targets with a return of (1.97)% in US dollars, compared with a return of (2.51)% for our performance target. The Fund’s performance was driven by an overweight allocation to the US industrial sector and an underweight position in US offices. The Fund is rebalanced quarterly to reflect any changes in our global real estate house view, in line with the investment process outlined in the Fund’s documentation. The Directors expect to grow the fund range gradually in the ICAV and expand further the on-going development, furthering the platform capabilities. The initial focus will be on listed real estate, equity and equity like strategies.

The ICAV intends to list the Fund(s) on further stock exchanges in Europe and in the UK subject to receiving necessary approvals and registrations from the local regulators.

Dividends

There will be dividend distributions in respect of distributing classes. For Accumulating Classes, income and realised capital gains arising in respect of the Funds will be reinvested in the Fund. During the financial period ended 30 November 2023, no dividend distributions were declared or paid. Detailed distributions are disclosed in Note 9 of the notes to the financial statements.

Results

The results for the financial period are set out in the Statement of Comprehensive Income. As at the period end the profit, after taxation, amounted to $147,000 (period end 31 May 2023: $(540,000)).

Directors' Report (continued)

Risk Management Objectives and Policies

The natures of the ICAV's investments expose it to various types of risk, which are associated with the financial instruments and the markets in which it invests. Details of the main risks inherent in investing in the ICAV are disclosed in Note 8 to the Financial Statements.

Corporate Governance Code

The Directors have assessed the measures included in the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds in December 2011 (the "IF Code").

The Directors have adopted all corporate governance practices and procedures in the IF Code. The IF Code can be obtained from the IF website at http://www.irishfunds.ie. The ICAV is also subject to corporate governance practices imposed by the ICAV Acts which can be obtained from the Irish Statute book website at www.irishfunds.ie.

ICAV is subject to corporate governance practices imposed by the:

(1) the ICAV Acts;

(2) the Corporate Governance Code (the "Code") as published by Irish Funds which the ICAV voluntarily applied.

Connected Persons Transactions

Regulation 43(1) of the UCITS Regulations “Restrictions on transactions with connected persons” states that “A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm’s length; and b) in the best interest of the unit-holders of the UCITS”.

As required under UCITS Regulation 81.4, the Directors of the Manager (the Responsible Person) are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with a connected persons; and all transactions with a connected persons that were entered into during the financial period to which the report relates complied with the obligations that are prescribed by Regulation 43(1).

Directors

The directors who served during the financial period were:

Fiona Mulcahy*
Paul O’Faherty*
Liam Stack
Louise Drummond
Mark Kelly

*Non-executive and Independent

Transactions involving Directors

The Board of Directors are not aware of any contracts or arrangements of any significance in relation to the business of the ICAV in which the directors had any interest as defined in Section 83 of the ICAV Acts at any time during the financial period from 1 June 2023 to 30 November 2023.

Directors' fees

The Directors are entitled to a fee as remuneration for their services as Directors at a rate to be determined from time to time by the Directors and which shall accrue daily and be payable annually in arrears.

The directors may also be paid all travelling, hotel, and other expenses properly incurred by them attending and returning from meetings of the Directors or any other meetings in connection with the business of the ICAV.

In the opinion of the Directors, the Directors are also related parties. Aggregate Directors' fees paid during the financial period were €32,500 (31 May 2023: €74,356) and the amount payable at financial period end was €16,250 (31 May 2023: €16,250).

Significant Events During the Financial Period

Events arising in Ukraine, as a result of military action being undertaken by Russia in Ukraine, may impact on securities directly or indirectly related to companies domiciled in Russia and/or listed on exchanges located in Russia (“Russian Securities”). As at 30 November 2023, the Fund has no exposure to Russian Securities. The Directors are monitoring developments related to this military action, including current and potential future interventions of foreign governments and economic sanctions.

Directors' Report (continued)

Significant Events During the Financial Period (continued)

The Financial Conduct Authority approved the recognition of abrdn III ICAV under S272 on 25 October 2023.

On 15 November 2023, the registered address of the ICAV was changed from 70 Sir John Rogerson's Quay, Dublin 2, Ireland to 55 Charlemont Place, Dublin 2, Ireland.

There were no other significant events affecting the ICAV during the financial period.

Subsequent Events

The Supplement & SFDR annex for abrdn Global Real Estate Active Thematic UCITS ETF was noted by the Central Bank of Ireland on 15 January 2024. The annex was updated for regulatory SFDR disclosures regarding taxonomy aligned nuclear energy and gas/ fossil fuels.

There were no other subsequent events affecting the ICAV since the financial period end.

Independent Auditor

KPMG were appointed on 2 November 2022 as the ICAV's statutory auditor in accordance with Section 125(2) of the ICAV Acts and will continue in office in accordance with Section 125(1) of the ICAV Acts.

On behalf of the Board of Directors

Director	**Director**
Date: 22 March 2024	

Report of the Depositary to the Shareholders

We have enquired into the conduct of Carne Global Fund Managers (Ireland) Limited as the Manager of abrdn III ICAV ("the ICAV") and into the conduct of the ICAV itself for the period from 1 June 2023 to 30 November 2023, in our capacity as Depositary to the ICAV.

This report including the opinion has been prepared for and solely for the shareholders in the ICAV as a body, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, (the “UCITS Regulations”), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Manager and the ICAV in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the ICAV has been managed in that period in accordance with the provisions of the ICAV’s Instrument of Incorporation and the UCITS Regulations. It is the overall responsibility of the Manager and the ICAV to comply with these provisions. If the Manager or the ICAV has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the ICAV has been managed:

i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the ICAV’s Instrument of Incorporation and the UCITS Regulations and

ii) otherwise in accordance with the ICAV’s constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the ICAV has been managed during the financial period, in all material respects:

i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the Instrument of Incorporation, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) 2019, (the “Central Bank UCITS Regulations”); and

ii) otherwise in accordance with the provisions of the Instrument of Incorporation, the UCITS Regulations and the Central Bank UCITS Regulations.

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22 March 2024

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Independent Auditor's Report to the Shareholders of abrdn III ICAV

Report on the audit of the financial statements

Opinion

We have audited the financial statements of abrdn III ICAV ('the ICAV') for the period ended 30 November 2023 set out on pages 15 to 41, which comprise the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to redeemable participating shareholders, statement of cash flows and related notes, including the material accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the ICAV as at 30 November 2023 and of its increase in net assets attributable to redeemable participating shareholders for the period then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Acts 2015 to 2021 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board of directors.

We were appointed as auditor by the directors on 2 November 2022. The period of total uninterrupted engagement is two periods ended 30 November 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the ICAV in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA") as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included using our knowledge of the ICAV and the asset management industry to identify the inherent risks to the ICAV's business model and analysing how those risks might affect the ICAV's financial resources or ability to continue operations over the going concern period. The risk we considered most likely to adversely affect the ICAV's available financial resources over this period related to the valuation of financial assets at fair value through profit or loss.

Independent Auditor’s Report to the Shareholders of abrdn III ICAV *(Continued)*

We also considered less predictable but realistic second order impacts that could affect the ICAV such as liquidity risk, investor redemption levels and operational risk at the service provider level.

We considered whether the going concern disclosure in note 2(c) of the financial statements gives a description of the directors’ assessment of going concern, including the identified risks and, dependencies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ICAV’s ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the ICAV’s policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.

- Inquiring of directors as to the ICAV’s policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.

- Inspecting the ICAV’s regulatory and legal correspondence.

- Reading Board minutes.

- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the ICAV is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the ICAV is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of ICAV legislation recognising the financial and regulated nature of the ICAV’s activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, we determined that there was one key audit matter as follows (unchanged from the prior period):

Valuation, accuracy and ownership of financial assets at fair value through profit or loss: USD 10,257 thousand (31 May 2023: USD 10,111 thousand).

Refer to pages 28-30 (accounting policy) and pages 34-39 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The ICAV's financial assets at fair value through profit or loss make up the majority of the net asset value and are considered to be the key driver of the ICAV's results. While the nature of the ICAV's financial assets at fair value through profit or loss do not require significant levels of judgement because they comprise mainly of liquid, quoted investments, due to their significance in the context of the financial statements as a whole, the valuation, accuracy and ownership of financial assets at fair value through profit or loss was identified as the matter which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Our audit procedures included: We obtained understanding of the process in place to record, reconcile positions at period end and price the portfolio of financial assets at fair value through profit or loss. We engaged the service of our valuation specialist to provide assistance with our independent pricing of financial assets at fair value through profit or loss portfolio. We obtained independent confirmation for all financial assets at fair value through profit or loss positions held at period end from the depositary and reconciled them to the ICAV's records. No material misstatements were identified.

KPMG

Independent Auditor's Report to the Shareholders of abrdn III ICAV *(Continued)*

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at USD 104 thousand (31 May 2023: USD 102 thousand), determined with reference to a benchmark of net assets (of which it represents 1% (31 May 2023: 1%)).

We determined net assets to be the most appropriate benchmark given the nature of the ICAV and consider it to be one of the principal considerations for shareholders of the ICAV in assessing the financial performance of the ICAV.

In applying our judgement in determining the percentage to be applied to the benchmark, we considered a number of factors i.e. concentration of ownership, the amount of external debt on the ICAV's balance sheet; and the stability of the business environment in which it operates and concluded that an amount at the lower end of our normal range was appropriate.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the financial statements as a whole was set at USD 78 thousand (31 May 2023: USD 76.5 thousand), determined with reference to materiality (of which it represents 75% (31 My 2023: 75%)).

In applying our judgement in determining performance materiality, we considered a number of factors, i.e. level of aggregation risks, effectiveness of the ICAV's control environment, number and severity of deficiencies in control activities and the history of misstatements.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding USD 5.2 thousand (31 May 2023: USD 5.1 thousand), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us to determine what risks were significant risks and the procedures to be performed.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, background to the ICAV, report of the depositary to the shareholders, investment manager's report, remuneration policy, statements of changes in composition of portfolio and sustainable finance disclosure regulation (SFDR). The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work undertaken during the course of the audit, we have not identified material misstatements in the other information.

Opinion on other matter prescribed by the Irish Collective Asset-management Vehicles Acts 2015 to 2021

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

The Irish Collective Asset-management Vehicles Acts 2015 to 2021 requires us to report to you, if in our opinion, the disclosures of Directors' remuneration specified by law are not made. We have nothing to report in this regard.

KPMG

Independent Auditor's Report to the Shareholders of abrdn III ICAV *(Continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the ICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the ICAV or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the shareholders of the ICAV, as a body, in accordance with the Section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to the ICAVs shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICAV and the ICAV's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Hubert Crehan

Date: 25 March 2024

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
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Investment Manager's Report

abrdn Global Real Estate Active Thematics UCITS ETF

Performance Review

Over the period under review, the Fund returned (1.97%) in US dollars (Source: FactSet, USD Accumulating ETF, net asset value). This is compared with a return of (2.51%) for our performance target (Source: FactSet, the FTSE EPRA NAREIT Developed Net Index).

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

The Fund launched on 22 February 2023. The Fund's performance was driven by an overweight allocation to the US industrial sector and an underweight position in US offices.

Portfolio Activity

The Fund is rebalanced quarterly to reflect any changes in our global real estate house view, in line with the investment process outlined in the Fund's documentation.

Portfolio Outlook and Strategy

We believe that long-term structural real estate trends are crucial to future real estate performance. We maintain our research-supported preference for sectors exposed to the key themes:

1. Advancing technology: Onshoring and omni-channel retail are transforming how products are manufactured, stored and distributed via industrial and logistics infrastructure. Data centres and cell towers are also benefiting from exponential growth in data generation and smart technology.

2. Changing demographics: With an ageing population, there are increasing opportunities in areas such as senior housing, assisted living and healthcare. Urbanisation and changing lifestyle preferences are also leading to new opportunities in the growing private rental sector.

3. Sustainability: Sustainability factors and how 'green' underlying real estate portfolios are, including their exposures to climate and carbon risks, will increasingly drive the future performance and resilience of real estate investments. Real estate investment trusts (REITs) and listed real estate companies have generally already discounted meaningful declines in property values. At the same time, we expect the near-term performance of global listed real estate to be closely linked to investors' expectations of central bank policies. Considering the macroeconomic uncertainty, we maintain a defensive bias in our global listed real estate portfolios, focusing on companies with strong balance sheets. We believe that REITs with healthy balance sheets should benefit as opportunities emerge from the fallout of less well-capitalised real estate investors.

abrdn Investment Limited

December 2023

Financial Statements

Statement of Financial Position
As at 30 November 2023

Assets	Notes	abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Cash and cash equivalents	2(j)	79	79
Financial assets at fair value through profit or loss	2(e), 8	10,257	10,257
Receivable for investments sold		1	1
Dividends receivable		24	24
Total Assets		**10,361**	**10,361**
Liabilities (due within one financial year)			
Expenses payable	2, 3	(5)	(5)
Total Liabilities (excluding net assets attributable to redeemable participating shareholders)		**(5)**	**(5)**
Net Assets Attributable to Redeemable Participating Shareholders		**10,356**	**10,356**

On behalf of the Board of Directors

Director

Date: 22 March 2024

Director

Financial Statements (continued)

Statement of Financial Position
As at 31 May 2023

Assets	Notes	abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Cash and cash equivalents	2(j)	62	62
Financial assets at fair value through profit or loss	2(e), 8	10,111	10,111
Receivable for investments sold		1	1
Dividends receivable		42	42
Total Assets		**10,216**	**10,216**
Liabilities (due within one financial year)			
Expenses payable	2, 3	(7)	(7)
Total Liabilities (excluding net assets attributable to redeemable participating shareholders)		**(7)**	**(7)**
Net Assets Attributable to Redeemable Participating Shareholders		**10,209**	**10,209**

Financial Statements (continued)

Statement of Comprehensive Income
For the financial period from 1 June 2023 to 30 November 2023

Income	Notes	abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Dividend income	2(f)	199	199
Interest Income	2(f)	1	1
Net loss on financial assets and liabilities at fair value through profit or loss	2(o)	(5)	(5)
Total Income		**195**	**195**
Expenses			
Operating expenses	2(f), 3	(20)	(20)
Total Expenses		**(20)**	**(20)**
Profit for the financial period before tax		175	175
Withholding tax	2(m), 5	(28)	(28)
Profit for the financial period after tax		147	147
Increase in Net Assets Attributable to Redeemable Participating Shareholders from operations		**147**	**147**

Financial Statements (continued)

Statement of Comprehensive Income
For the financial period from 30 November 2021 (date of incorporation) to 31 May 2023

Income	**Notes**	**abrdn Global Real Estate Active Thematics UCITS ETF $'000**	**ICAV Total $'000**
Dividend income	2(f)	133	133
Interest Income	2(f)	1	1
Net loss on financial assets and liabilities at fair value through profit or loss	2(o)	(647)	(647)
Total Loss		**(513)**	**(513)**
Expenses			
Operating expenses	2(f), 3	(11)	(11)
Total Expenses		**(11)**	**(11)**
Loss for the financial period before tax		(524)	(524)
Withholding tax	2(m), 5	(16)	(16)
Loss for the financial period after tax		(540)	(540)
Decrease in Net Assets Attributable to Redeemable Participating Shareholders from operations		**(540)**	**(540)**

Financial Statements (continued)

Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders
For the financial period from 1 June 2023 to 30 November 2023

		abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Net Assets Attributable to Redeemable Participating Shareholders at the beginning of the financial period		**10,209**	**10,209**
Increase in Net Assets Attributable to Redeemable Participating Shareholders from operations		147	147
Proceeds from redeemable participating shares issued	4	-	-
Cost of redeemable participating shares redeemed	4	-	-
Income equalisation		-	-
Net Assets Attributable to Redeemable Participating Shareholders at the end of the financial period		**10,356**	**10,356**

abrdn Global Real Estate Active Thematics UCITS ETF	Class USD Accumulating ETF
Shares outstanding at the beginning of the financial period	1,100,000
Shares issued	-
Shares redeemed	-
Shares outstanding at the end of the financial period	**1,100,000**

Financial Statements (continued)

Statement of Change in Net Assets Attributable to Redeemable Participating Shareholders
For the financial period from 30 November 2021 (date of incorporation) to 31 May 2023

		abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Net Assets Attributable to Redeemable Participating Shareholders at the beginning of the financial period		**-**	**-**
Decrease in Net Assets Attributable to Redeemable Participating Shareholders from operations		(540)	(540)
Proceeds from redeemable participating shares issued	4	10,743	10,743
Cost of redeemable participating shares redeemed	4	-	-
Income equalisation		6	6
Net Assets Attributable to Redeemable Participating Shareholders at the end of the financial period		**10,209**	**10,209**

abrdn Global Real Estate Active Thematics UCITS ETF	**Class USD Accumulating ETF**
Shares outstanding at the beginning of the financial period	-
Shares issued	1,100,000
Shares redeemed	-
Shares outstanding at the end of the financial period	**1,100,000**

Financial Statements (continued)

Statement of Cash Flows
For the financial period from 1 June 2023 to 30 November 2023

Cash flows from operating activities	abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Increase in Net Assets Attributable to Redeemable Participating Shareholders from operations	**147**	**147**
Changes in working capital		
Increase in financial assets at fair value through profit or loss	(146)	(146)
Increase in dividends receivable	18	18
Increase in expenses payable	(2)	(2)
Cash used in operating activities	**17**	**17**
Cash flows from financing activities		
Proceeds from redeemable participating shares issued	-	-
Cost of redeemable participating shares redeemed	-	-
Income equalisation	-	-
Net cash provided by financing activities	**0**	**0**
Cash and cash equivalents		
Net increase in cash and cash equivalents	**17**	**17**
Cash and cash equivalents at the beginning of the financial period	62	62
Cash and cash equivalents at the end of the financial period	**79**	**79**
Supplemental disclosure of cash flow information		
Withholding tax paid	(30)	(30)
Dividend received	217	217

Financial Statements (continued)

Statement of Cash Flows
For the financial period from 30 November 2021 (date of incorporation) to 31 May 2023

Cash flows from operating activities	abrdn Global Real Estate Active Thematics UCITS ETF $'000	ICAV Total $'000
Decrease in Net Assets Attributable to Redeemable Participating Shareholders from operations	**(540)**	**(540)**
Changes in working capital		
Increase in financial assets at fair value through profit or loss	(10,111)	(10,111)
Increase in receivable for investments sold	(1)	(1)
Increase in dividends receivable	(42)	(42)
Increase in expenses payable	7	7
Cash used in operating activities	**(10,687)**	**(10,687)**
Cash flows from financing activities		
Proceeds from redeemable participating shares issued	10,743	10,743
Cost of redeemable participating shares redeemed	-	-
Income equalisation	6	6
Net cash provided by financing activities	**10,749**	**10,749**
Cash and cash equivalents		
Net increase in cash and cash equivalents	**62**	**62**
Cash and cash equivalents at the beginning of the financial period	-	-
Cash and cash equivalents at the end of the financial period	**62**	**62**
Supplemental disclosure of cash flow information		
Withholding tax paid	(12)	(12)
Dividend received	91	91

abrdn Global Real Estate Active Thematics UCITS ETF Schedule of Investments as at 30 November 2023

30 November 2023

Investments

	Shares or Principal Amount	Fair Value $'000	% of Net Assets
Financial assets at fair value through profit or loss			
Equities 99.04% (31 May 2023: 99.04%)			
Advance Residence Investment Corp.	16	35	0.34
Aedifica SA	349	22	0.21
Alexandria Real Estate Equities, Inc.	1,155	126	1.22
Allreal Holding AG	12	2	0.02
American Homes 4 Rent	2,125	77	0.74
Americold Realty Trust, Inc.	1,789	50	0.48
Apple Hospitality REIT, Inc.	2,364	39	0.38
AvalonBay Communities, Inc.	1,092	189	1.82
Big Yellow Group PLC	151	2	0.02
Boston Properties, Inc.	1,364	78	0.75
Brixmor Property Group, Inc.	2,776	60	0.58
Camden Property Trust	809	73	0.70
Canadian Apartment Properties REIT	1,205	41	0.40
CapitaLand Ascendas REIT	78,900	168	1.62
CapitaLand Ascott Trust	3,840	3	0.03
CapitaLand Integrated Commercial Trust	27,400	37	0.36
CapitaLand Investment Ltd.	19,700	45	0.43
CareTrust REIT, Inc.	660	15	0.14
Castellum AB	2,680	33	0.32
Catena AB	2,740	102	0.98
Charter Hall Long Wale REIT	38,466	86	0.83
Choice Properties Real Estate Investment Trust	212	2	0.02
City Developments Ltd.	7,000	33	0.32
CK Asset Holdings Ltd.	5,000	24	0.23
Cofinimmo SA	28	2	0.02
Comforia Residential REIT, Inc.	12	26	0.25
Cousins Properties, Inc.	1,369	28	0.27
Covivio SA	427	21	0.20
CubeSmart	1,585	63	0.61
Daiwa House REIT Investment Corp.	15	27	0.26
Daiwa Securities Living Investments Corp.	37	27	0.26
Deutsche EuroShop AG	205	4	0.04
Deutsche Wohnen SE	2,421	59	0.57
Dexus	11,062	52	0.50
DiamondRock Hospitality Co.	3,248	27	0.26
Digital Realty Trust, Inc.	2,020	280	2.70
Douglas Emmett, Inc.	2,416	30	0.29
Dream Industrial Real Estate Investment Trust	11,746	108	1.04
EastGroup Properties, Inc.	302	52	0.50
EPR Properties	850	38	0.37
Equinix, Inc.	669	545	5.26

abrdn Global Real Estate Active Thematics UCITS ETF Schedule of Investments as at 30 November 2023 (continued)

	Shares or Principal Amount	Fair Value $'000	% of Net Assets
Financial assets at fair value through profit or loss (continued)			
Equities 99.04% (31 May 2023: 99.04%) (continued)			
Equity LifeStyle Properties, Inc.	1,227	87	0.84
Equity Residential	2,874	163	1.57
ESR-LOGOS REIT	796,086	176	1.70
Essex Property Trust, Inc.	519	111	1.07
Extra Space Storage, Inc.	1,495	195	1.88
Fastighets AB Balder	1,152	7	0.07
Federal Realty Investment Trust	735	70	0.68
First Capital Real Estate Investment Trust	2,991	31	0.30
First Industrial Realty Trust, Inc.	955	45	0.43
Frasers Logistics & Commercial Trust	31,400	26	0.25
Gaming & Leisure Properties, Inc.	1,807	84	0.81
Gecina SA	350	39	0.38
GLP J-Reit	50	47	0.45
Grainger PLC	51,555	166	1.60
Granite Real Estate Investment Trust	796	40	0.39
Healthcare Realty Trust, Inc.	2,685	41	0.40
Healthpeak Properties, Inc.	4,677	81	0.78
Highwoods Properties, Inc.	1,521	29	0.28
Host Hotels & Resorts, Inc.	5,733	100	0.97
Independence Realty Trust, Inc.	431	6	0.06
Inmobiliaria Colonial Socimi SA	8,034	53	0.51
Invitation Homes, Inc.	4,152	139	1.34
Japan Hotel REIT Investment Corp.	65	31	0.30
Japan Logistics Fund, Inc.	15	29	0.28
Keppel DC REIT	114,800	158	1.53
Kilroy Realty Corp.	1,278	42	0.41
Kimco Realty Corp.	5,009	97	0.94
Klepierre SA	1,709	43	0.42
Kojamo OYJ	12,461	139	1.34
LaSalle Logiport REIT	29	31	0.30
LEG Immobilien SE	1,959	150	1.45
LondonMetric Property PLC	12,497	28	0.27
LXP Industrial Trust	1,951	17	0.16
Macerich Co.	2,401	28	0.27
Mapletree Industrial Trust	19,200	33	0.32
Mapletree Logistics Trust	25,200	30	0.29
Medical Properties Trust, Inc.	4,586	22	0.21
Merlin Properties Socimi SA	11,987	121	1.17
Mid-America Apartment Communities, Inc.	803	100	0.97
Mirvac Group	25,578	35	0.34
Mitsui Fudosan Co. Ltd.	2,000	47	0.45
Mitsui Fudosan Logistics Park, Inc.	9	28	0.27
New World Development Co. Ltd.	18,000	27	0.26
Nippon Accommodations Fund, Inc.	7	29	0.28

abrdn Global Real Estate Active Thematics UCITS ETF Schedule of Investments as at 30 November 2023 (continued)

	Shares or Principal Amount	Fair Value $'000	% of Net Assets
Financial assets at fair value through profit or loss (continued)			
Equities 99.04% (31 May 2023: 99.04%) (continued)			
Nippon Prologis REIT, Inc.	26	49	0.47
NNN REIT, Inc.	1,697	69	0.67
Nomura Real Estate Holdings, Inc.	800	19	0.18
Omega Healthcare Investors, Inc.	2,130	68	0.66
Park Hotels & Resorts, Inc.	2,545	38	0.37
Pebblebrook Hotel Trust	2,009	26	0.25
Phillips Edison & Co., Inc.	1,243	44	0.42
Physicians Realty Trust	1,622	19	0.18
Prologis, Inc.	6,527	750	7.24
PSP Swiss Property AG	193	26	0.25
Public Storage	1,146	297	2.87
Realty Income Corp.	4,501	243	2.35
Regency Centers Corp.	1,505	94	0.91
Retail Opportunity Investments Corp.	2,061	27	0.26
Rexford Industrial Realty, Inc.	1,327	65	0.63
RioCan Real Estate Investment Trust	3,275	42	0.41
Sabra Health Care REIT, Inc.	2,618	38	0.37
Safestore Holdings PLC	550	5	0.05
Sagax AB	1,216	28	0.27
Segro PLC	19,312	199	1.92
Simon Property Group, Inc.	2,358	294	2.84
SITE Centers Corp.	2,463	32	0.31
STAG Industrial, Inc.	1,261	45	0.43
Sumitomo Realty & Development Co. Ltd.	2,100	59	0.57
Sun Communities, Inc.	859	111	1.07
Sunstone Hotel Investors, Inc.	2,953	29	0.28
Swiss Prime Site AG	364	37	0.36
TAG Immobilien AG	996	14	0.14
Tokyo Tatemono Co. Ltd.	1,200	17	0.16
Tritax Big Box REIT PLC	66,216	128	1.24
UDR, Inc.	2,749	92	0.89
Unibail-Rodamco-Westfield	820	52	0.50
UNITE Group PLC	14,569	179	1.73
UOL Group Ltd.	7,000	31	0.30
Urban Edge Properties	1,703	29	0.28
Ventas, Inc.	3,161	145	1.40
VGP NV	1,248	129	1.25
VICI Properties, Inc.	7,011	210	2.03
Vonovia SE	10,143	282	2.72
Warehouses De Pauw CVA	1,058	30	0.29
Welltower, Inc.	3,625	323	3.12
WP Carey, Inc.	1,779	111	1.07
Total Equities		**10,257**	**99.04**

abrdn Global Real Estate Active Thematics UCITS ETF Schedule of Investments as at 30 November 2023 (continued)

	Fair Value $'000	% of Net Assets
Total financial assets and liabilities at fair value through profit or loss	**10,257**	**99.04**
Other net assets	**99**	**0.96**
Net assets attributable to redeemable participating shareholders	**10,356**	**100.00**

Analysis of Total Assets:	**% of Total Assets**
Transferable securities admitted to an official stock exchange listing	99.00
Other Assets	1.00
Total Assets	**100.00**

Notes to the Financial Statements

1. General Information

abrdn III ICAV (the "ICAV") was registered in Ireland pursuant to the Irish Collective Asset-Management Vehicles Act 2015 to 2021 on 30 November 2021 under registration number C469164 and is authorised and regulated by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the UCITS Regulations 2019 (as amended). The sole object of the ICAV is the collective investment of its funds in either or both transferable securities and other liquid financial assets of capital raised from the public and operating on the principle of risk-spreading in accordance with the UCITS Regulations and the giving to Shareholders the benefit of the results of the management of its funds.

The ICAV is organised in the form of an umbrella fund with segregated liability between Funds. As of 30 November 2023 the ICAV has only one Fund. Each Fund will bear its own liabilities and none of the ICAV, any of the service providers appointed to the ICAV, the Directors, any receiver, examiner or liquidator, nor any other person will have access to the assets of a Fund in satisfaction of a liability of any other Fund. Investors should refer to the section “Financial Instruments and Associated Risks” for further details.

The ICAV may comprise different Funds (each a "Fund"), each with one or more classes of shares. Different classes of shares may be issued from time to time with the prior notification to and clearance of the Central Bank. Each class represents interests in a Fund and may be income classes of shares, which are intended to distribute dividends as set out in the prospectus and the relevant supplement.

2. Material Accounting Policies

a. Statement of Compliance

These financial statements for the period ended 30 November 2023 have been prepared in accordance with IFRS, "International Financial Reporting Standards" ("IFRS") as adopted by the European Union, Irish Statute comprising the Irish Collective Asset-Management Vehicles Act 2015 to 2021 (the "Act"), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “UCITS Regulations”) and under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”).

b. Basis of Preparation

The ICAV's activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 5 to 7 and the Investment Manager's Report on page 14. The financial position of the ICAV and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements address the ICAV's financial risk management objectives, details of its financial instruments; and its exposures to Market Risk, Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk.

The financial statements are prepared under the historical cost convention with the exception of financial assets held at fair value through profit or loss that have been measured at fair value and redeemable shares at redemption amount.

The ICAV was registered on 30 November 2021. The Fund was authorised on 2 November 2022 and launched on 22 February 2023. The Fund was listed on the Frankfurt Stock Exchange on 1 March 2023.

The ICAV Acts require an initial audited report within 18 months of the ICAV’s incorporation. Therefore, the initial reporting period for the ICAV covered the period from 30 November 2021 to 31 May 2023. The second annual report covers the period from 1 June 2023 to 30 November 2023. Subsequent annual reports thereafter will cover 12 month period from 1 December to 30 November.

Standards, amendments and interpretations issued and effective for the financial period beginning 1 June 2023

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).

The amendments require disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand and other information in the financial statements.

There are no other new standards, amendments or interpretations issued and effective for the financial period beginning 1 June 2023 that have a significant impact on the ICAV’s financial position, performance or disclosures in its financial statements.

New standards, amendments and interpretations issued but not effective for the financial period beginning 1 June 2023 and not early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 June 2023 and earlier application is permitted, however, the ICAV has not early adopted the new or amended standards in preparing these financial statements.

Notes to the Financial Statements (continued)

2. Material Accounting Policies (continued)

c. Going Concern

The Directors have a reasonable expectation that the ICAV and the Fund have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the signing of the financial statements. Therefore the ICAV and the Fund continue to adopt the going concern basis of accounting in preparing its financial statements.

The Directors have undertaken a detailed assessment, and continue to monitor, the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels as the ICAV invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. Based on this assessment, the Fund continue to be open for trading and the Directors are satisfied the Fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

d. Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and judgments that management have made in applying the ICAV's accounting policies and that have significant effect on the amounts recognised in the financial statements.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the actual results.

Any changes in data inputs and assumptions for valuation of financial instruments could affect the reported fair value of financial instruments and the differences could be material.

e. Financial Assets at Fair Value Through Profit or Loss

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Fund is based on a price within the bid ask spread that is most representative of fair value.

Recognition and initial measurement

Financial assets at fair value through profit or loss ("FVTPL") are initially recognised on the trade date, which is the date on which the ICAV becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date on which they are originated.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the ICAV has transferred substantially all risks and rewards of ownership.

Classification and subsequent measurement

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised immediately in net loss on financial assets at fair value through profit or loss in the Statement of Comprehensive Income. Other financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The ICAV classifies its investments based on both the ICAV's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The ICAV has determined that it has two business models:

- Other business model: this includes equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

- Held-to-collect business model: this includes cash and cash equivalents and receivables. These financial assets are held to collect contractual cash flows. These assets are subsequently measured at amortised cost using effective interest method.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the Statement of Comprehensive Income within net (loss)/gain on financial instruments at fair value through profit or loss in the year in which they arise. The Fund has determined that it has one business model which includes equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Fund’s right to receive payments is established.

Notes to the Financial Statements (continued)

2. Material Accounting Policies (continued)

e. Financial Assets at Fair Value Through Profit or Loss (continued)

Amortised Cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus, in the case of a financial asset, any reduction for impairment.

Impairment of financial assets

IFRS 9 requires an impairment assessment to be carried out on its financial assets held at amortised cost. The Manager has reviewed the impairment assessment of financial assets held at amortised cost. The Manager considers the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements based on 12-month expected credit losses ("ECLs") as any such impairment would be wholly insignificant to the Funds.

The Manager recognises loss allowances of ECLs on financial assets measured at amortised cost. The Manager measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Manager considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Manager's historical experience and informed credit assessment and including forward-looking information. The Manager assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Manager considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from the default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Funds are exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the EIR of the financial asset.

Credit-impaired financial assets

At each reporting date, the Manager assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due; or

- it is probable that the borrower will enter bankruptcy or other financial reorganisations.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of financial assets is written off when the Manager has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Notes to the Financial Statements (continued)

2. Material Accounting Policies (continued)

e. Financial Assets at Fair Value Through Profit or Loss (continued)

Fair Value Measurement Principles

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When available, the Funds measure the fair value of an investment using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Funds measure instruments quoted in an active market at a last traded price, because this price provides a reasonable approximation of exit price. If there is no quoted price in an active market, then the Funds use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

f. Income and Expenses

Interest income and expense are recognised in the Statement of Comprehensive Income on an effective yield basis. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument on initial recognition. Dividend income is recognised in the Statement of Comprehensive Income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. Dividend income from equity securities designated as at FVTPL is recognised in the Statement of Comprehensive Income.

Bank interest income is recognised in Interest income in the Statement of Comprehensive Income.

Operating expenses are expensed in the year to which they relate and are accounted for on an accrual basis.

g. Functional and Presentation Currency

In accordance with IAS 21, items included in each Fund's financial statements are measured using the currency of the primary economic environment in which it operates and in which the majority of its capital activity is conducted (functional currency). The functional currency of the individual Funds is U.S. Dollar ("USD"). Each individual Fund has adopted its functional currency as its presentation currency. The combined financial statements are presented in USD, being the functional and presentational currency of the Funds.

All amounts have been rounded to the nearest thousand, unless otherwise stated.

h. Foreign Exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities (both its monetary financial instruments and also its non-monetary financial assets measured at fair value through profit or loss) are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within net loss on financial assets and liabilities at fair value through profit or loss.

i. Redeemable Participating Shares

Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities. Shareholders may request the Fund to redeem their shares on, and with effect from, any dealing day at the net asset value per share less any applicable duties and charges on such dealing day (subject to such adjustments, if any, as may be specified including, without limitation, any adjustment required for redemption charges).

j. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, term deposits and deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

Cash shall be valued at their fair value together with accrued interest unless in the opinion of the Directors or the Manager any adjustment should be made to reflect the fair value thereof.

Margin cash and collateral cash are exchanged with regard to leveraging reducing risk.

Notes to the Financial Statements (continued)

2. Material Accounting Policies (continued)

k. Dividend Distribution Policy

The Prospectus empowers the Directors to declare dividends in respect of any Shares out of net income (including dividend and interest income) and the excess of realised and unrealised capital gains over realised and unrealised losses in respect of Investments of the ICAV and out of capital. However, in practice, with respect to the Fund, the Directors do not expect to declare dividends out of capital gains or capital and will only declare them for Distributing classes in respect of net income (if any). Dividends will normally be declared semi-annually on 30 September and 31 March and/or such other times as the Manager deems appropriate with a view to the same being paid to the holders of Distributing Classes in 30 November and 31 May.

Dividend distributions, if any, are recognised as finance costs when declared in the Statement of Comprehensive Income. Currently for distributing classes the Board of Directors intend to declare distributions in respect of each financial year, out of the net income of each Fund (e.g., all interest, dividends and other income less each Fund's accrued expenses) for that financial year.

For Accumulating Classes, these Shares retain all net investment income in the share price and generally do not distribute any dividends.

l. Transaction Fees

Transaction fees are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss.

Transaction fees on purchases and sales of equities are disclosed in the Statement of Comprehensive Income.

m. Taxation

The ICAV intends generally to conduct its affairs such that its profit will be subject to taxes only in Ireland. Under current Irish law and practice, the ICAV qualifies as investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended.

On that basis, Irish tax is not chargeable to the Funds on its income or capital gains. However, some dividend and interest income received by the Funds may be subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense in the Statement of Comprehensive Income. See further details in Note 5.

n. Net Asset Value per Share

The Net Asset Value per share for each share class within each Fund is calculated by dividing the total Net Asset Value attributable to each share class within each Fund by the total number of shares outstanding for that particular share class within each Fund.

o. Net Gains/(Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Realised gains or losses on the sale of investments arising during the financial period are calculated on an average cost basis and are taken to the Statement of Comprehensive Income under Net gain/loss on financial assets and liabilities at fair value through profit or loss. The movement in unrealised gains or losses on investments is reflected in the Statement of Comprehensive Income under 'Net gain/(loss) on financial assets and liabilities at fair value through profit or loss' and includes all fair value changes and foreign exchange differences.

p. Operating segments

An operating segment is a component of the ICAV that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the ICAV's Chief Operating Decision Maker ("CODM") and for which discrete financial information is available. The Board of Directors has been identified as the ICAV's CODM and is responsible for allocating resources and assessing performance of the operating segment.

Operating segments are reported in a manner consistent with the internal reporting used by the CODM. In considering the segments of the ICAV, the ICAV has considered the information reviewed by the ICAV's CODM and determined that there is one operating segment. The ICAV's business involves the investments in financial assets. The CODM review information from the portfolio of investments as a whole. The ICAV, organised in the form of an umbrella fund with segregated liability between Funds, has only one Fund.

3. Fees & Expenses

All of the fees and expenses payable in respect of a Fund are paid as one single fee. This is referred to as the total expense ratio or "TER". After deduction and payment of Directors' fees and expenses, which are included in the TER, the balance of the TER is paid to the

Notes to the Financial Statements (continued)

3. Fees & Expenses (continued)

Investment Manager and the Investment Manager will then facilitate payment of all operational expenses of the ICAV on behalf of the ICAV. Save where another party has agreed to reimburse the ICAV, this includes but is not limited to fees and expenses of the Manager, Investment Manager, Depositary, Administrator, Registrar and Transfer Agent, Directors and Secretary and the payment of the following fees and expenses:

(a) the cost of listing and maintaining a listing of Shares on any Listing Stock Exchange;

(b) the cost of convening and holding Directors' and Shareholders' meetings;

(c) professional fees and expenses for legal and other consulting services;

(d) the costs and expenses of preparing, printing, publishing and distributing prospectuses, supplements, annual and semi-annual reports and other documents to current and prospective investors;

(e) the costs and expenses arising from any licensing or other fees payable to any Index Provider or other licensor of intellectual property, trademarks or service marks used by a Fund;

(f) the costs and expenses of any investment adviser appointed by the Manager;

(g) the costs and expenses of any paying agent appointment by the ICAV;

(h) all establishment costs of the ICAV and the Funds not otherwise referred to above; and

(i) such other costs and expenses (excluding non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the ICAV or of any Fund.

The TER does not include extraordinary costs or certain ongoing costs or expenses. (including but not limited to, the cost of buying and selling assets, withholding tax, stamp duty or other taxes on the investments of a Fund, commissions or brokerage fees incurred with respect to the Fund's investments, interest on borrowings, all bank charges including those incurred in negotiating, effecting or varying the terms of any borrowings, commissions and expenses incurred in relation to banking, any commissions charged by intermediaries in relation to an investment in the Fund, any other taxes, duties, governmental and similar charges and such proportion of the out-of-pocket expenses incurred by any service providers [other than the Investment Manager (if any), the Distributor, the Administrator, the Register, or the Transfer Agent and Depositary] on behalf of the ICAV and such extraordinary or exceptional costs and expenses [if any] as may arise from time to time, such as material litigation in relation to the ICAV as may be determined by the Directors in their discretion, all of which will be paid separately out of the assets of the relevant Fund).

The TER is accrued daily from the Net Asset Value of each Fund at the rates disclosed and payable monthly in arrears. The TER of the Fund is as listed in the relevant supplement. If the Fund's expenses exceed the TER outlined above in relation to operating the fund, the Investment Manager will cover any shortfall from its own assets. The fees and expenses of a Fund shall not be less than the applicable TER.

The TER rates which were effective up to 30 November 2023, are outlined below:

Fund	Share Class	TER rate
abrdn Global Real Estate Active Thematics UCITS ETF	USD Accumulating ETF	Up to 0.40%

Audit fees

The statutory audit fees are exclusive of VAT and out-of-pocket expenses. The Audit remuneration for the financial period ended 30 November 2023 was $54,037 (31 May 2023: $64,758) excluding VAT. Due to the application of the TER, any shortfall will be covered by the Investment Manager as agreed.

There were no fees incurred in respect of other assurance, tax advisory services, or non-audit services during the financial period.

Transaction costs

Transaction costs paid by the Fund during the financial period ended 30 November 2023 were $10,015 (31 May 2023: $7,703).

Notes to the Financial Statements (continued)

4. Share Capital

The minimum authorised share capital of the ICAV is €2.00 represented by 2 (two) Subscriber Shares of no par value and the maximum authorised share capital of the ICAV is 500,000,000,002 Shares of no par value. The Directors are empowered to issue up to 500,000,000,000 Shares of no par value designated as Shares of any Class on such items as they think fit.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder. The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the ICAV, but do not entitle the holders to participate in the dividends or net assets of any Fund.

The Manager also reserves the right to redesignate any Class of Shares from time to time, provided that Shareholders in that Class will first have been notified by the ICAV that the Shares will be redesignated and will have been given the opportunity to have their Shares redeemed by the ICAV.

Dealing Day

The dealing day of the abrdn Global Real Estate Active Thematics UCITS ETF is every business day of each month except if (i) markets on which that Fund's investments are listed or traded, or (ii) a significant proportion of markets on which constituents relevant to the Index are listed or traded are closed.

Subscription and Redemption Fee

A subscription fee of up to the higher of (i) 5% of the Net Asset Value of the ETF Shares being subscribed or (ii) a redemption fee of up to 3% of the Net Asset Value of the ETF Shares being redeemed may be charged by the Manager. Where investors request subscriptions or redemptions in Cash in a currency that is different from the currencies in which the relevant Fund's underlying investments are denominated, the foreign exchange transaction costs associated with converting the subscription amount to the currencies needed to purchase the underlying investments (in the case of a subscription) or converting the sale proceeds from selling the underlying investments to the currency needed to pay redemption proceeds (in the case of a redemption) will be included in the Duties and Charges which are applied to the relevant subscription or redemption amounts (respectively) paid or received (as the case may be) by such investors.

Net Asset Value History

The financial reporting Net Asset Value per share as at financial period end 30 November 2023 are as below:

Net Asset Value History		NAV per Share	Net Assets Value $'000	Shares outstanding
Fund	**Share Class**	**2023**	**2023**	**2023**
abrdn Global Real Estate Active Thematics UCITS ETF	USD Accumulating ETF	9.4141	10,356	1,100,000

The financial reporting Net Asset Value per share as at financial period end 31 May 2023 are as below:

Net Asset Value History		NAV per Share	Net Assets Value $'000	Shares outstanding
Fund	**Share Class**	**2023**	**2023**	**2023**
abrdn Global Real Estate Active Thematics UCITS ETF	USD Accumulating ETF	9.2806	10,209	1,100,000

5. Taxation

Under current law and practice, the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. It is not chargeable to Irish tax on its income or capital gains.

The Irish exit tax regime which is ordinarily applicable to an `investment undertaking' does not apply to an `investment undertaking', such as the ICAV, which is an ETF, provided the Shares of the ICAV remain held in a clearing system that is recognised by the Irish Revenue Commissioners (which currently includes Euroclear and Clearstream). As a result, the ICAV will not be obliged to account for any Irish exit tax (or other Irish tax) in respect of the Shares. If the Shares cease to be held in such a recognised clearing system, the ICAV would be obliged to account for Irish exit tax to the Irish Revenue Commissioners in certain circumstances.

Notes to the Financial Statements (continued)

5. Taxation (continued)

Dividends, interest and capital gains (if any) received on investments made by the ICAV may be subject to withholding taxes imposed by the country from which the investment income or gains are received and such taxes may not be recoverable by the ICAV or its shareholders.

6. Related Parties

In the opinion of the Directors, the Investment Manager and the Manager are related parties. Please refer to the Statement of Comprehensive Income, Statement of Financial Position and Note 3 to the Financial Statements for details of investment management fees due to the Investment Manager, reimbursement due from Investment Manager, the fee arrangements in place between the Funds and the Manager, the formation expenses and establishment costs of the Funds.

The directors who served during the financial period were:

Fiona Mulcahy*
Paul O'Faherty*
Liam Stack
Louise Drummond
Mark Kelly

*Non-executive and Independent

In the opinion of the Directors, the Directors are also related parties. Aggregate Directors' paid during the financial period were €32,500 (31 May 2023: €74,356) and the amount payable at financial period end was €16,250 (31 May 2023: €16,250). The Investment Manager is a wholly owned subsidiary of abrdn plc (abrdn). Liam Stack, Louise Drummond and Mark Kelly are employees of abrdn.

Carne Global Fund Managers (Ireland) Limited, as Manager is considered a related party to the ICAV as it is considered to have significant influence over the ICAV in its role as Manager. During the financial period ended 30 November 2023, the Manager was entitled to receive fees of €12,000 (31 May 2023: €13,933), of which €Nil (31 May 2023: €13,933) was payable at period end. Carne Global Financial Services Limited, the parent Company of the Manager, was entitled to receive fees amounting to €29,915 (31 May 2023: €73,934) during the financial period ended 30 November 2023 in respect of fund governance services to the ICAV, of which €14,134 (31 May 2023: €73,934) was payable at financial period end.

abrdn Investments Limited, as Investment Manager, is considered a related party to the ICAV as it is considered to have significant influence over the ICAV in its role as Investment Manager. As detailed in note 3 all the of the fees and expenses payable in respect of the Fund are paid as a single fee, the TER. The Investment Manager receives as a fee the balance of the TER, after deduction of all fees and expenses payable for the Fund. For the period ended 30 November 2023 the fees and expenses of the Fund exceeded the TER resulting in a nil fee paid or payable to the Investment Manager.

7. Efficient Portfolio Management

The Funds intend to use techniques and instruments, including foreign currency exchange transactions, for efficient portfolio management subject to the conditions and limits laid down from time to time as set out in the prospectus. Transactions entered into for efficient portfolio management purposes will be entered into for one or more of the following specified aims: the reduction of risk; the reduction of cost or the generation of additional capital or income for the Funds with a level of risk that is consistent with the risk profile of the Funds.

All revenues from EPM techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. Any direct and indirect operational costs/fees arising from EPM techniques do not include hidden revenue. Any gains or losses arising from EPM techniques and investments are recognised in the Statement of Comprehensive Income.

The Funds may hold cash or invest its assets in instruments such as commercial paper, bankers' acceptances, certificates of deposit and government-issued debt issued by OECD member countries or by any supranational entity which are listed or traded on a Recognised Market ("Cash Equivalents") for liquidity purposes and for the purposes of paying any expenses due.

8. Financial Instruments and Associated Risks

In accordance with IFRS, this note details the risks associated with the use of financial instruments. Day-to-day risk management of the Funds of the ICAV is undertaken by the Investment Manager. Investment in the ICAV carries with it a degree of risk including, but not limited to, the risks referred to below.

The global exposure and leverage for the Fund will be calculated using the commitment approach and the Fund's global exposure will not exceed 100% of Net Asset Value.

8. Financial Instruments and Associated Risks (continued)

As defined by IFRS, risk can be separated into the following components: market risk, credit risk and liquidity risk.

Each type of risk is described below:

Market Risk

Market Risk is the risk that changes in market prices - e.g. interest rates, foreign exchange rates, equity prices and credit spreads - will affect the Fund's income or the fair value of its holdings of financial instruments. This risk is comprised of three main types of risk; Market Price Risk, Currency Risk and Interest Rate Risk.

i. Market Price Risk

The investments of the ICAV are subject to normal market fluctuations and the risks inherent in investment in various securities markets. Stock markets can be volatile and stock prices can change substantially. For all investments, there can be no assurance that appreciation or preservation will occur.

ii. Currency Risk

Currency Risk is defined by IFRS as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in or based on a currency other than the functional currency in which they are measured. The NAVs per share of the ICAV are computed in the share class currency whereas the investments of the ICAV may be acquired, valued and disposed of in other currencies; derivative investments may also be denominated in or based on currencies other than the base currency. The base currency value of these instruments may rise and fall due to exchange rate fluctuations in respect of the relevant currency.

iii. Interest Rate Risk

Interest risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of investments in interest rate bearing securities may be subject to price volatility due to changes in interest rates. Holding all other variables constant, an increase in interest rates will generally reduce the value of fixed rate debt securities that are issued and outstanding while a decline in interest rates will generally increase the value of such debt securities. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer.

iv. Credit Risk

The ICAV may be exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash balances bear credit risk.

v. Liquidity Risk

This is the risk that the ICAV will encounter difficulty in meeting obligations associated with financial liabilities. The ICAV may be subject to regular cash redemptions of Redeemable Participating Shares, as detailed in Note 4. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The ICAV's listed securities are considered readily realisable as they are listed on a stock exchange or dealt in on another regulated market.

The Investment Manager, who has been appointed with responsibility for investing and managing the assets of the Funds, have identified, monitored and managed the relevant risks, as set forth overleaf.

At 30 November 2023 and 31 May 2023, all of the assets and liabilities of each Fund (as shown in the Statement of Financial Position) fall due within three months.

Market Price Risk

Each Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer. A weakening of market prices of 5% at 30 November 2023 would have resulted in a drop in the value of investments of $512,850 (31 May 2023: $505,550). A strengthening of market prices of 5% at 30 November 2023 and 31 May 2023 would have had an equal but opposite impact.

Notes to the Financial Statements (continued)

8. Financial Instruments and Associated Risks (continued)

Currency Risk

The Funds may invest in securities that are denominated in currencies that differ from the base currency. Changes in the values of those currencies relative to the base currency may have a positive or negative effect on the values of the Funds' investments denominated in those currencies.

The Funds exposure to currencies other than their functional currency is set out in the tables below.

	abrdn Global Real Estate Active Thematics UCITS ETF
	30 November 2023 $'000
Australian Dollar	175
Canadian Dollar	271
Swiss Franc	66
Euro	1,165
British Pound	709
Hong Kong Dollar	55
Japanese Yen	505
Swedish Krona	170
Singapore Dollar	747
Total	**3,863**

	abrdn Global Real Estate Active Thematics UCITS ETF
	31 May 2023 $'000
Australian Dollar	111
Canadian Dollar	178
Swiss Franc	98
Euro	605
British Pound	958
Hong Kong Dollar	362
Israeli New Shekel	6
Japanese Yen	1,109
Norwegian Krone	4
Swedish Krona	229
Singapore Dollar	670
Total	**4,330**

Notes to the Financial Statements (continued)

8. Financial Instruments and Associated Risks (continued)

Currency Risk (continued)

The sensitivity analysis in the table details the approximate increase or decrease in net assets attributable to redeemable participating shareholders if the exchange rate between the base currency of the relevant Fund and the relevant foreign currency increased by 10%.

	abrdn Global Real Estate Active Thematics UCITS ETF
	30 November 2023 $'000
Australian Dollar	18
Canadian Dollar	27
Swiss Franc	7
Euro	117
British Pound	71
Hong Kong Dollar	6
Israeli New Shekel	-
Japanese Yen	51
Swedish Krona	17
Singapore Dollar	75
Total	**389**

	abrdn Global Real Estate Active Thematics UCITS ETF
	31 May 2023 $'000
Australian Dollar	11
Canadian Dollar	18
Swiss Franc	10
Euro	61
British Pound	96
Hong Kong Dollar	36
Israeli New Shekel	1
Japanese Yen	111
Swedish Krona	23
Singapore Dollar	67
Total	**434**

This sensitivity analysis is a relative estimate of risk and is not intended to be predictive of future results.This sensitivity analysis is a relative estimate of risk and is not intended to be predictive of future results.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The ICAV is subject to interest rate risk on its cash and cash equivalents, however do not have material exposure.

At 30 November 2023 and 31 May 2023, abrdn Global Real Estate Active Thematics UCITS ETF does not hold interest-bearing securities.

Credit/Counterparty Risk

Credit risk also arises on transactions with brokers where transactions are awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement year involved and the high credit quality of the brokers used. The ICAV monitors the credit rating and assets, liabilities, financial position of the brokers used to further mitigate this risk.

Substantially all of the assets of the ICAV are held by State Street Custodial Services (Ireland) Limited (the "Depositary"), Bankruptcy or insolvency of the Depositary may cause a Fund's rights with respect to securities held by the Depositary to be delayed or limited. The ICAV monitors this risk by monitoring the credit quality and assets, liabilities, financial position of the Depositary. The Depositary is under a duty to take into depositary and to hold the property of each Fund of the ICAV on behalf of its shareholders. The Central Bank requires the Depositary to hold legally separately the non-cash assets of Funds and to maintain sufficient records to clearly identify the nature and

Notes to the Financial Statements (continued)

8. Financial Instruments and Associated Risks (continued)

Credit/Counterparty Risk (continued)

amount of all assets that it holds, the ownership of each asset and where the documents of title to such assets are physically located. The long term credit rating of the parent company of the Depositary, State Street Corporation is A (31 May 2023: A) (Standard & Poor's rating). Credit spreads and credit ratings of all counterparties are regularly reviewed.

The following are the assets of which the ICAV has a credit exposure to either counterparty risk or credit risk to the Depositary at 30 November 2023:

	abrdn Global Real Estate Active Thematics UCITS ETF
Asset type	
Depositary Risk	
Investments	10,257
Cash and cash equivalents	79
	10,336
Counterparty Risk	
Receivable for investments sold	1
Dividends receivable	24
	25

The following are the assets of which the ICAV has a credit exposure to either counterparty risk or credit risk to the Depositary at 31 May 2023:

	abrdn Global Real Estate Active Thematics UCITS ETF
Asset type	
Depositary Risk	
Investments	10,111
Cash and cash equivalents	62
	10,173
Counterparty Risk	
Receivable for investments sold	1
Dividends receivable	42
	43

Liquidity Risk

The ICAV manages its liquidity risk by investing primarily in marketable securities. The assets of the ICAV are considered to be readily realisable. Assets from a Fund may need to be sold if insufficient cash is available to finance participating share redemptions.

As such, all securities investments have been deemed liquid by the Investment Manager at the time of the transaction. Post initial transaction, economic, political, and market news is monitored daily for events that may change the liquidity status of a particular investment. As with all investments, there is no guarantee that an active market will always exist for a particular security or derivative investment.

If total redemption requests from all holders of shares in any Fund on any dealing day total in aggregate more than 10% of the Net Asset Value of all Shares of that Fund in issue on such dealing day (or such higher percentage as may be set out in the relevant supplement), the

Notes to the Financial Statements (continued)

8. Financial Instruments and Associated Risks (continued)

Liquidity Risk (continued)

Directors shall be entitled at their discretion to refuse to redeem such shares in excess of 10% of the Net Asset Value of that Fund on that dealing day. Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all Fund shares to which the original request related have been redeemed.

At 30 November 2023 and 31 May 2023 all of the investments in abrdn Global Real Estate Active Thematics UCITS ETF (as shown in the Statement of Financial Position) fell due within three months.

Fair Value Estimation

IFRS 13 requires the ICAV to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. These amendments require the ICAV to categorise its fair value measurements into the following levels consistent with the fair value hierarchy set out in IFRS as adopted for use in the European Union. These amendments did not have any impact on the Fund's financial position or performance.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset or liabilities that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the ICAV. The ICAV considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There were no transfers between levels during the financial period ended 30 November 2023 and 31 May 2023.

The table below provides an analysis of the Funds' financial assets and liabilities measured at fair value as at 30 November 2023.

abrdn Global Real Estate Active Thematics UCITS ETF	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Equities	10,257	-	-	10,257
Total financial assets at fair value through profit and loss	**10,257**	**-**	**-**	**10,257**

The table below provides an analysis of the Funds' financial assets and liabilities measured at fair value as at 31 May 2023.

abrdn Global Real Estate Active Thematics UCITS ETF	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Equities	10,111	-	-	10,111
Total financial assets at fair value through profit and loss	**10,111**	**-**	**-**	**10,111**

Notes to the Financial Statements (continued)

9. Distributions

Dividends will be paid from the net income attributable to the relevant share class. There were no dividends declared during the financial period ended 30 November 2023 and 31 May 2023. There were no distributions out of capital during the period ended 30 November 2023 and 31 May 2023.

10. Exchange Rates

The exchange rates as at 30 November 2023 and 31 May 2023 against United States Dollar (USD) are as follows:

Currency	30 November 2023	31 May 2023
Australian Dollar	1.5082	1.5452
Canadian Dollar	1.3556	1.3593
Euro	0.9165	0.9380
Hong Kong Dollar	7.8103	7.8283
Israeli Shekel	-	3.7350
Japanese Yen	147.8350	139.7150
Norwegian Krone	-	11.1430
Pound Sterling	0.7899	0.8068
Singapore Dollar	1.3346	1.3549
Swedish Krona	10.4789	10.8836
Swiss Franc	0.8696	0.9142

11. Segregated Liability

The ICAV avails of the segregated liability provisions of the ICAVs. As such, under the provision, the ICAV generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between Funds.

12. Soft Commission Arrangements and Directed Brokerage

The ICAV, or the Fund, did not enter into any soft commission arrangements and directed brokerage during the financial period.

13. Commitments and Contingent Liabilities

There were no significant commitments or contingent liabilities as at 30 November 2023 or 31 May 2023.

14. Significant Events During the Financial Period

Events arising in Ukraine, as a result of military action being undertaken by Russia in Ukraine, may impact on securities directly or indirectly related to companies domiciled in Russia and/or listed on exchanges located in Russia ("Russian Securities"). As at 30 November 2023, the Fund has no direct exposure to Russian Securities. The Directors are monitoring developments related to this military action, including current and potential future interventions of foreign governments and economic sanctions.

The Financial Conduct Authority approved the recognition of abrdn III ICAV under S272 on 25 October 2023.

On 15 November 2023, the registered address of the ICAV was changed from 70 Sir John Rogerson's Quay, Dublin 2, Ireland to 55 Charlemont Place, Dublin 2, Ireland.

There were no other significant events affecting the ICAV during the financial period.

15. Subsequent Events

The Supplement & SFDR annex for abrdn Global Real Estate Active Thematic UCITS ETF was noted by the Central Bank of Ireland on 15 January 2024. The annex was updated for regulatory SFDR disclosures regarding taxonomy aligned nuclear energy and gas/ fossil fuels.

There were no other subsequent events affecting the ICAV since the financial period end.

Notes to the Financial Statements (continued)

16. Approval of Financial Statements

The financial statements were approved by the Directors on 22 March 2024.

Appendix 1: Remuneration Policy (unaudited)

UCITS V Remuneration Disclosure

The European Union Directive 2014/91/EU as implemented in Ireland by S.I. No. 143/2016 - European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, requires management companies to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the UCITS.

To that effect, Carne Global Fund Managers (Ireland) Limited ("the Manager"), has implemented a remuneration policy that applies to all UCITS for which the Manager acts as manager (the "Remuneration Policy") and covers all staff whose professional activities have a material impact on the risk profile of the Manager or the UCITS it manages ("Identified Staff of the Manager"). The Remuneration Policy also applies to all alternative investment funds for which the Manager acts as alternative investment fund manager. In accordance with the Remuneration Policy, all remuneration paid to Identified Staff of the Manager can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and

- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria) which is not based on the performance of the UCITS.

The Manager has designated the following persons as Identified Staff of the Manager:

1. The Designated Persons;
2. Each of the Manager's directors;
3. Head of Compliance;
4. Risk Officer;
5. Head of Anti-Money Laundering and Counter Terrorist Financing Compliance
6. Money Laundering Reporting Officer;
7. Chief Executive Officer;
8. Chief Operating Officer; and
9. All members of the investment committee.

The Manager has a business model, policies, and procedures which by their nature do not promote excessive risk taking and take account of the nature, scale, and complexity of the Manager and the UCITS. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the UCITS and the Manager is not incentivised or rewarded for taking excessive risk.

The Manager has determined not to constitute a separate remuneration committee and for remuneration matters to be determined through the Manager's Compliance and AML Committee, a Committee of the Manager's Board.

The Manager's Compliance and AML Committee is responsible for the ongoing implementation of the Manager's remuneration matters and will assess, oversee, and review the remuneration arrangements of the Manager as well as that of the delegates as relevant, in line with the provisions of the applicable remuneration requirements.

The Manager has a number of directly employed staff. The Manager's parent company is Carne Global Financial Services Limited ("Carne"). In addition, Carne also operates through a shared services organisational model which provides that Carne employs staff and further enters into inter-group agreements with other Carne Group entities within the group to ensure such entities are resourced appropriately. As at 31 December 2022, 10 of the Identified Staff are employed directly by the Manager. The remainder of the Identified Staff are employees of Carne, or employees of another entity within the Carne Group, and are remunerated directly based on their contribution to Carne Group as a whole. In return for the services of each of the Carne Identified Staff, the Manager pays an annual staff recharge to Carne (the "Staff Recharge").

The independent non-executive directors are paid a fixed remuneration. The Other Identified Staff member's remuneration is linked to their overall individual contribution to the Manager or the Carne Group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached or the performance of the UCITS.

The aggregate of the total Staff Recharge, remuneration of the directly employed identified staff of the Manager and the remuneration of the independent non-executive directors is €2,502,802 paid to 16 Identified Staff* for the year ended 31 December 2022.

The Manager has also determined that, on the basis of number of sub-funds / net asset value of the UCITS relative to the number of sub-funds / assets under management, the portion of this figure attributable to the UCITS is €3,428.

The Fund does not pay any fixed or variable remuneration to identified staff of the Investment Manager.

*This number represents the number of Identified Staff as at 31 December 2022.

Appendix 2: Statements of Changes in Composition of Portfolio (unaudited)

The tables below show a breakdown of material purchases and sales of the Investment Portfolios in accordance with the Central Bank UCITS Regulations 79 (2) requirements. All purchases and sales of investments exceeding 1% of the total value of each purchases and sales respectively, a minimum of 20 of each such purchases and sales, are disclosed. A full analysis of the movement on the Investment Portfolio is available upon request.

abrdn Global Real Estate Active Thematics UCITS ETF

Major Purchases for the financial period from 1 June 2023 to 30 November 2023	Shares or Principal Amount	Cost $'000
Keppel DC REIT	132,200	210,738
Dream Industrial Real Estate Investment Trust	18,936	202,039
Granite Real Estate Investment Trust	2,723	159,479
Vonovia SE	5,530	149,066
Segro PLC	13,997	133,748
Kojamo OYJ	12,162	129,256
Charter Hall Long Wale REIT	47,065	116,459
Merlin Properties Socimi SA	11,987	113,605
VGP NV	1,094	110,570
LEG Immobilien SE	1,404	104,768
Boston Properties, Inc.	1,364	75,337
ESR-LOGOS REIT	266,200	64,145
Welltower, Inc.	642	55,072
Inmobiliaria Colonial Socimi SA	8,034	50,790
Mitsui Fudosan Co. Ltd.	2,000	46,249
Kilroy Realty Corp.	1,278	39,275
Equinix, Inc.	50	38,790
EPR Properties	850	38,566
Prologis, Inc.	320	38,128
Gecina SA	350	37,462
Deutsche Wohnen SE	1,570	36,275
Warehouses De Pauw CVA	1,242	34,968
Swiss Prime Site AG	364	34,640
Public Storage	120	33,307
City Developments Ltd.	6,400	33,188

Appendix 2: Statements of Changes in Composition of Portfolio (unaudited) (continued)

abrdn Global Real Estate Active Thematics UCITS ETF (continued)

Major Sales for the financial from 1 June 2023 to 30 November 2023	**Shares or Principal Amount**	**Proceeds $'000**
Nippon Accommodations Fund, Inc.	40	179,871
Advance Residence Investment Corp.	74	174,205
Comforia Residential REIT, Inc.	75	172,770
Sekisui House Ltd.	7,500	152,119
Vonovia SE	5,875	128,008
Granite Real Estate Investment Trust	2,350	117,550
Segro PLC	10,992	110,429
Sun Hung Kai Properties Ltd.	9,500	97,081
Link REIT	18,500	95,532
LondonMetric Property PLC	37,048	86,958
Dream Industrial Real Estate Investment Trust	8,938	79,923
Frasers Logistics & Commercial Trust	95,500	77,814
UNITE Group PLC	6,013	72,675
Grainger PLC	21,070	66,534
Merlin Properties Socimi SA	6,616	60,906
Kenedix Residential Next Investment Corp.	37	57,147
Ryman Hospitality Properties, Inc.	593	56,575
Warehouses De Pauw CVA	1,990	55,282
Wharf Real Estate Investment Co. Ltd.	12,000	55,131
CapitaLand Ascendas REIT	24,900	51,087
Swiss Prime Site AG	530	50,255
Kite Realty Group Trust	2,271	47,199
Japan Metropolitan Fund Invest	69	46,010
Land Securities Group PLC	5,485	44,486
Catena AB	1,145	43,778
Tanger, Inc.	1,543	38,889
Gecina SA	363	38,583
PSP Swiss Property AG	328	38,010
Keppel DC REIT	26,200	36,568
Apartment Income REIT Corp.	1,218	36,562
Deutsche Wohnen SE	1,543	36,381
Sagax AB	1,513	32,430

Appendix 3: Sustainable Finance Disclosure Regulation (SFDR) (unaudited)

Sustainable Finance Disclosure Regulation (SFDR)

As at 30 November 2023 abrdn Global Real Estate Active Thematics UCITS ETF has been classified as Article 8.

The above Article 8 Fund promote environmental or social objectives. The “do no significant harm” principle applies only to those investments underlying the financial products that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of these financial products do not take into account the EU criteria for environmentally sustainable economic activities. The detailed sustainability-related disclosures (SFDR template) of the relevant Article 8 Funds can be found in the annex to this report.”

Environmental and social characteristics: SFDR Article 8 Funds have detailed Investment Approach documents which outline how they meet environmental and social characteristics. This is typically through a combination of negative exclusions, positive selection, and engagement. The Fund has met its individual requirements as regards the approaches outlined for period ended 30 November 2023. For noting, the Investment Approach has evolved during the course of the accounting period – the Investment Approach documents are published at www.abrdn.com under “Sustainable Investing”.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: abrdn III ICAV - abrdn Global Real Estate Active Thematics UCITS ETF

Legal entity identifier 213800OBOHC3WRY9A410

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** %	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 35.57% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** %	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

To promote the environmental and social characteristics, the Investment Manager applied ESG assessment criteria, ESG screening criteria and promotes good governance including social factors.

The Fund invested in companies that were identified through rigorous listed real estate research process which takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance.

The Fund utilised both the Investment Manager's investment insights and also abrdn's assessment of a company's ESG risks and opportunities to better understand risk and return potential resulting in positively tilted portfolio from sustainability and ESG perspective.

There are three core principles which underpin abrdn's Sustainable investment approach and the time we dedicate to ESG analysis as part of our overall equity research process:

• ESG factors are financially material, and impact corporate performance

• Understanding ESG risks and opportunities alongside other financial metrics allows abrdn to make better investment decisions.

• Informed and constructive engagement helps foster better companies, enhancing the value of abrdn's clients' investments.

Additionally, abrdn proprietary ESG House Score, developed by abrdn central ESG investment team in collaboration with the Quantitative investment team, was used to identify companies with potentially high or poorly managed ESG risks. The score was calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors were weighted according to how material they were for each sector. This allowed abrdn to see how companies rank in a global context.

To complement this, abrdn also utilised our active stewardship and engagement activities.

This Fund has a financial benchmark that was used for portfolio construction but does not incorporate any sustainable criteria and was not selected for the purpose of attaining these characteristics. This financial benchmark was used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

As described in more detail within our prospectus, the sustainability indicators applied by the Fund are:

ESG screening criteria

The Investment Manager confirms that during the reporting period, binary exclusions were applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco, Thermal Coal, Oil & Gas extraction or Electricty generation that has carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario.

These screening criteria applied in a binding manner and there were no holdings in the fund that fail the agreed criteria.

abrdn proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector.

abrdn confirm that during the reporting period the Fund excluded companies with the highest ESG risks, as identified by the abrdn ESG House Score. This is implemented by excluding the bottom 20% of issuers with an ESG House Score that are in the benchmark.

…and compared to previous periods?

N/A

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Fund has not set a sustainable objective, however, is voluntarily disclosing the Sustainable Investments held within the portfolio which is 36%, following the sustainable investment methodology outlined below. Please note that in future reporting periods, the proportion of sustainable investments could be higher, lower, or 0%.

Sustainable Investment Methodology

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including:

(1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development

Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

i. a quantitative methodology based on a combination of publicly available data sources; and

ii. using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives. abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm". Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. Abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

Using a number of additional screens and flags, abrdn consider the additional SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Investment Manager considers Principle Adverse Impact Indicators defined by the SFDR

Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: abrdn uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: abrdn excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: abrdn excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at www.abrdn.com under "Fund Centre".

Post-investment the following PAI indicators are considered:

• abrdn monitors all mandatory and additional PAI indicators via its ESG integration investment process using a combination of proprietary house score and 3rd party data feeds.

• Governance indicators via abrdn's proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance

• On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Yes, all sustainable investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process, and in turn excluded from consideration as a sustainable investment.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The following indicators were committed to be considered within the investment process:

Principle Adverse Impact Considered for Investments:

Exclusions: UN Global Compact, Controversial Weapons, Tobacco, Thermal Coal, Oil & Gas extraction

Explanation: The Investment Manager confirms that screening in line with abrdn's approach documents has been undertaken during the reporting period

As described above, a number of PAIs are actively screened from the investment universe prior to investment, including norms-based screens and controversy filters. abrdn engage, manage and vote for either insight or influence. Engagement activity may be undertaken by any of our investment teams with a holding in the company, or by our dedicated stewardship team.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:
- - 30/11/2023

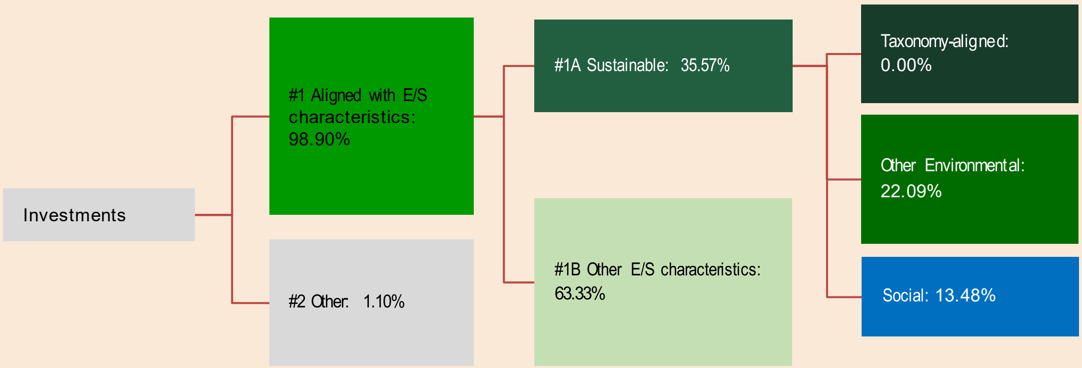
Largest Investments	Sector	% Assets	Country
PROLOGIS INC	Real Estate	7.40	United States of America
EQUINIX INC	Real Estate	4.68	United States of America
PUBLIC STORAGE	Real Estate	2.90	United States of America
SIMON PROPERTY GROUP INC	Real Estate	2.61	United States of America
WELLTOWER INC	Real Estate	2.53	United States of America
REALTY INCOME CORP	Real Estate	2.38	United States of America
DIGITAL REALTY TRUST INC	Real Estate	2.25	United States of America
UNITE GROUP PLC/THE	Real Estate	2.11	United Kingdom
SEGRO PLC	Real Estate	2.04	United Kingdom
VICI PROPERTIES INC	Real Estate	2.00	United States of America
GRAINGER PLC	Real Estate	1.90	United Kingdom
VONOVIA SE	Real Estate	1.87	Germany
AVALONBAY COMMUNITIES INC	Real Estate	1.68	United States of America
EXTRA SPACE STORAGE INC	Real Estate	1.60	United States of America
EQUITY RESIDENTIAL	Real Estate	1.55	United States of America

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

The fund committed to hold a minimum of 80% of the Fund's assets aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. The Fund invests a maximum of 20% of assets in the "Other" category, which include cash, money market instruments and derivatives. The Fund has a minimum of 0% in Sustainable Investments. The Fund has not set a minimum proportion of investment in Taxonomy aligned economic activities.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Other tab

Sector	Sub-sector	% Assets
Real Estate	Real Estate	98.07
Consumer Discretionary	Consumer Discretionary Products	0.50
Financials	Financial Services	0.42

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund holds 0% sustainable investments with an environmental objective aligned with the EU Taxonomy. This assessment has not been subject to an external review.

These sustainable investments will not be EU Taxonomy aligned as the environmental objective does not have associated technical standards for comparison and relevant data is not available to confirm alignment

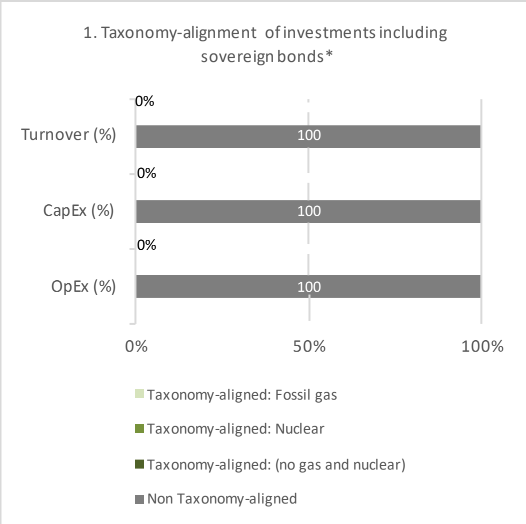
☐ Yes

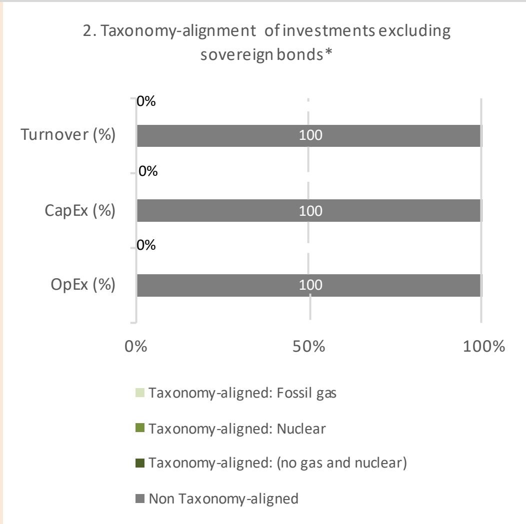
☐ In fossil gas ☐ In nuclear energy

☒ No

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (Capex) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (Opex) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 0 % of the total investment.

*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

- ***What was the share of investments made in transitional and enabling activities?***

  The fund holds 0% investments made in transitional and enabling activities.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  N/A

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 22/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy is 22.09%

What was the share of socially sustainable investments?

The share of sustainable investments with a social objective is 13.48%

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The Fund invested 1 % of assets in the “Other” category. The investments included under "other" are cash, money market instruments, derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund was launched earlier in 2023 and now we are actively engaging with the companies to improve their environmental and social disclosure that would enable us to identify the areas of targeted focus and track the progress. As part of regular engagement with companies, we discuss the use of new technology to improve the environmental characteristics of the assets, as well as energy sources. In addition, we also focus on community impact, for residential and retail asset owners in particular.

How did this financial product perform compared to the reference benchmark?

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable

- ***How did this financial product perform compared with the broad market index?***

  Not applicable

Important Information