



aberdeen

For professional investors

Aberdeen Portfolio Solutions investment philosophy and process

July 2025

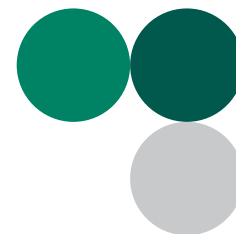


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Investment Philosophy



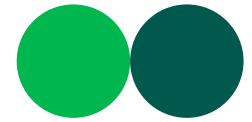
Through unfettered funds, we invest in a broad range of asset classes on a global basis, building resilient portfolios positioned to benefit from the ever changing world in which we live.

We believe

- In providing investment solutions that align outcomes across a broad range of risk levels.
- That investing for the long term is the most appropriate approach to delivering good customer outcomes. Time in the markets provides more consistent outcomes than traders who try and time the market.
- In our investment approach - designed to deliver as consistent a return profile as possible using ARC MPS Indices benchmarks as performance comparators.
- A blend of active and passive fund management tends to provide the greatest opportunity for clients to receive an optimal outcome.
- In selecting funds that demonstrate a consistent and logical philosophy that has demonstrated the capacity to outperform in relevant economic and market environments.
- Some benchmarks are difficult to consistently outperform so we take a pragmatic approach, buying tracker funds when appropriate giving us cost efficient and effective exposure to that asset class.
- Our flexible and dynamic approach allows us to keep portfolio costs down, whilst investing in the most efficient manner, gaining exposure across a broad range of geographies and market caps.



Investment Process Overview



1. Designing Portfolio Mandates

We work with external partners to allow them to identify the most appropriate mandate for their clients, with goals such as volatility and return being key criteria. We work with internal partners to assist us in ensuring the design of the mandates are in line with clients' needs and objectives and we regularly review the mandates to ensure they remain relevant.



2. Strategic Asset Allocation

Our Discretionary MPS Investment team works with Aberdeen's Modelling & Analytics (M&A) and Macro Investing teams to create long-term strategic asset allocations (SAA). Using historical and estimated data on returns, correlations, and volatility, we combine 20+ asset classes with the aim of delivering optimal returns for each level of risk. This process produces models that map the efficient frontier for each solution.



3. Tactical Asset Allocation

For our Aberdeen MPS and Sustainable MPS ranges, we adjust mandates around their long-term SAA to capture short-term market opportunities, aiming to generate incremental returns for clients.



4. Fund Selection & Portfolio Construction

Our flexible fund selection process focuses on choosing and blending the best-in-class funds suited to each portfolio. We undertake in-depth fund research, conducted in collaboration with Aberdeen's Multi Asset Investing Fund Selection (MAIFS) team, meeting with fund managers at least every six months to ensure their strategies remain aligned with our expectations.



5. Rebalance & Review

We regularly review MPS portfolios against benchmarks and rebalance at least quarterly to keep them aligned with their original asset allocation, aiming for consistent client outcomes.



6. Performance & Risk Monitoring

Our Investment team regularly reviews portfolio performance, mandates, and risk and volatility parameters to make sure there's the potential for the best-possible outcomes for clients.

Investment Process in detail



Designing Portfolio Mandates

We work with external partners to allow them to identify the most appropriate mandate for their clients, with goals such as volatility and return being key criteria. We work with internal partners to assist us in ensuring the design of the mandates are in line with clients' needs and objectives and we regularly review the mandates to ensure they remain relevant. Our approach uses risk-targeted portfolios—usually five per range—each with specific equity volatility guidelines.

Instead of relying on third-party risk rating tools, we set our own risk and return targets which we map to a number of popular risk rating tools.

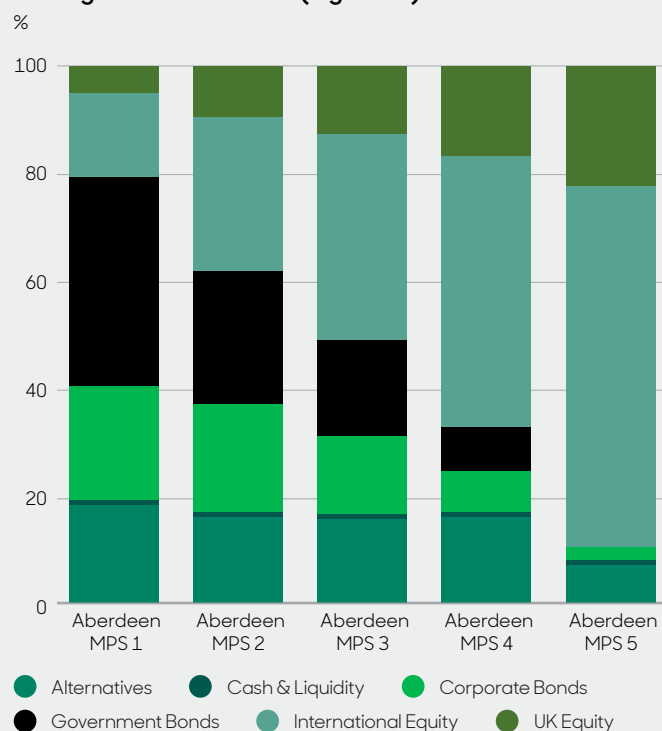
	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5
Aberdeen Risk Level	very low	low	medium low	medium	high
Global Equity Volatility	30-35%	45-50%	60-65%	75-80%	90-95%



Strategic Asset Allocation

Our discretionary investment team works with Aberdeen's Modelling & Analytics (M&A) and Macro Investing teams to create long-term strategic asset allocations for the investment propositions we manage. Using the Aberdeen Solutions Portfolio Optimiser tool (ASPO), we identify the best SAA based on around 30 years of historical data. This is then adjusted using 10-year forward-looking return expectations from the Macro Investing team. We regularly review each SAA to ensure long-term positioning remains suitable across 20+ asset classes.

Strategic Asset Allocation (high level)



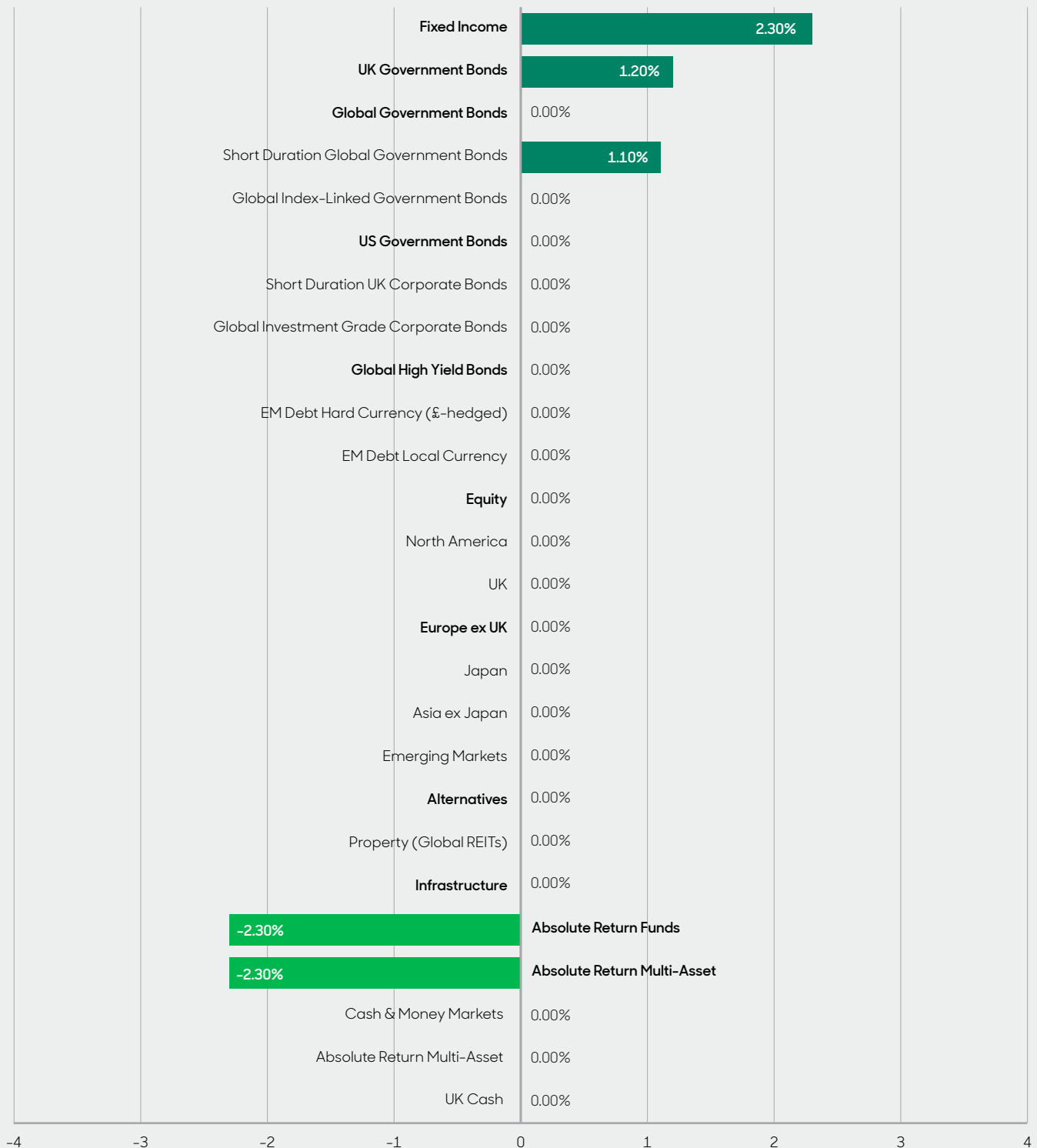
Source: Aberdeen. For illustrative purposes only based on a representative Strategic Asset Allocation at 31/12/24.

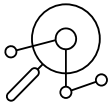


Tactical Asset Allocation

The MPS Investment team works closely with Aberdeen’s MAMI team to apply a short-term (6–18 months) tactical asset allocation on top of the strategic asset allocation. This aims to capture short-term investment opportunities. TAA adjustments typically stay within a $\pm 5\%$ range at the asset class level, though this can sometimes be wider. While there are formal monthly meetings between MAMI and aPSL, the teams interact almost daily.

Representative Tactical Asset Allocation at 31/03/25





Fund Selection & Portfolio Construction

Our flexible fund selection process focuses on choosing and blending the best-in-class funds suited to each portfolio. We undertake in-depth fund research conducted in collaboration with Aberdeen's Multi Asset Investing Fund Selection (MAIFS) team, meeting with fund managers at least every six months to ensure their strategies remain aligned with our expectations.

Typical Fund Selection Criteria

- Minimum AUM of £100mn to ensure liquidity.
- Tracking error between 2–6%.
- At least a 3-year track record (or a representative record for new funds).
- Use of tracker funds in areas where benchmarks are hard to consistently outperform, balancing cost efficiency with effective asset class exposure.

Portfolio Construction

- We blend multiple funds to create diversified, intentional exposure to a broad range of factors.
- This allows us to fine-tune factor exposures based on market conditions and strategic views.
- The number of funds used depends on the size of the allocation.
- We are not bound to active or passive funds – we evaluate each asset class individually, using active, passive, or a combination as needed.



The 5 Ps Framework – evaluating fund managers

01

Philosophy

Clear investment philosophy

02

Process

Robust and repeatable
investment process

03

People

Experienced portfolio manager(s)
supported by a suitably resourced team

04

Performance

Historical return profile of the fund to
have performed in line with expectations
based on the philosophy and process

05

Price

Price to be attractive taking into account
the specialty and track record



Our approach to sustainable investing

We integrate environmental, social, and governance (ESG) factors into our fund research process. MAIFS gathers ESG data before fund manager meetings using RFPs, ESG questionnaires, and third-party sources like MSCI, Bloomberg, and Morningstar. This helps identify each fund's ESG strengths and weaknesses.

During meetings, analysts dive deeper into ESG philosophies, processes, and cultures. Funds are mapped across five pillars for inclusion in our Sustainable MPS or Sustainable Index MPS ranges, with the MPS Investment Team categorizing them using a research-based but qualitative approach.

We don't target specific sustainability exposure in Aberdeen MPS or Index MPS portfolios. However:

- Aberdeen Sustainable MPS aims to invest predominantly in actively managed Sustainable and Impact funds. It may also have exposure to Enhanced ESG and Ethical funds.
- Aberdeen Sustainable Index MPS aims to invest predominantly in passive Enhanced ESG funds and may also have some exposure to Ethical and Sustainable funds.

For more details, refer to the explanatory notes for **Aberdeen Sustainable MPS** and the **Aberdeen Sustainable Index MPS**.

Enhanced ESG

Funds that demonstrate an investment approach designed to increase exposure to positive ESG factors, while reducing negative ESG factors.

Ethical

Funds aiming to avoid products and services that may be considered as harmful or misalign with personal values, e.g. tobacco, controversial weapons, and gambling.

Sustainable

Funds that demonstrate an investment approach that considers environmental, social and corporate governance (ESG) factors, and aims to achieve financial returns while promoting long-term environmental and social value.

Impact

Funds demonstrating an investments approach that aims to generate positive impact on society and/or the environment, alongside a financial return. An impact investor may be interested in areas such as renewable energy, clean water and sanitation, financial inclusion or health and social care.

Portfolio Construction

Funds held for portfolio construction purposes. These funds do not fall into any of the four sustainable categories below, e.g. cash and government bonds.



Rebalance & Review

We review MPS portfolios relative to comparable benchmarks on an ongoing basis and carry out regular (at least quarterly) rebalancing to make sure they continue to align with the mandate's original asset allocation, ultimately giving the potential for more consistent outcomes for clients.



Performance and Risk Monitoring

Our Investment team regularly reviews portfolio performance, mandates, and risk parameters to help achieve the best possible client outcomes.

Strategic Asset Allocations are set using the Aberdeen Solutions Portfolio Optimisation tool, ensuring portfolios are well-diversified. These portfolios are monitored monthly through the **Investment Oversight Group (IOG)** and the **MPS Growth Forum**.

Any unexpected volatility – whether positive or negative – is flagged and investigated, with findings reported or acted upon.

The **IOG** oversees the investment philosophy, process, and risk management across all portfolios, ensuring they stay aligned with their objectives.



Important information

Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results.

The details contained here are for information purposes only and should not be considered as an offer, investment recommendation, or solicitation to deal in any investments or funds and does not constitute investment research, investment recommendation or investment advice in any jurisdiction.

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