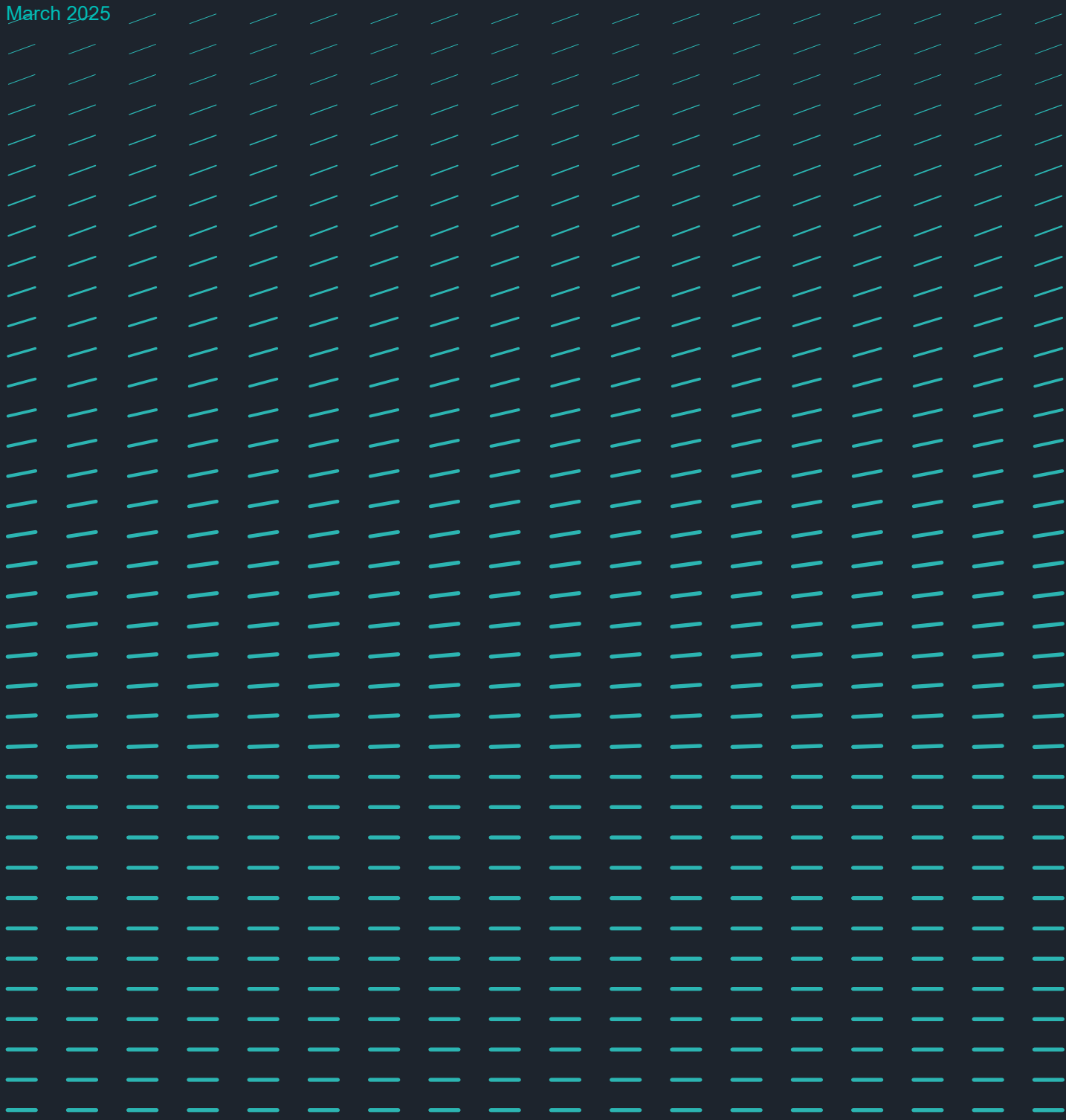


Assessment of Value

abr dn III ICAV

March 2025



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Introduction

abrdn III ICAV (the “Fund”) is an open-ended umbrella Irish collective asset-management vehicle and an umbrella fund with segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank of Ireland as a UCITS within the meaning of the Directive No. 2009/65/EC of the European Parliament and of the Council of 13 July 2009 as amended by Directive No. 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as may be amended or replaced (the “**UCITS Directive**”).

The Fund has been authorised by the Central Bank as a UCITS on 2 November 2022.

abrdn Future Real Estate UCITS ETF (formally abrdn Global Real Estate Active Thematics UCITS ETF) (the “Sub-Fund”) is the only active sub-fund as at 30 November 2024 and launched on 22 February 2023.

Carne Global Fund Managers (Ireland) Limited (“Carne” or the “Operator”), a company regulated by the Central Bank to act as a UCITS management company and to carry on the business of providing management and related administration services to UCITS collective investment schemes has been appointed as Manager to the Fund.

The Fund was registered with the Financial Conduct Authority (“FCA”) under section 272 of the Financial Services and Markets Act 2000 effective 25 October 2023. Carne is the Operator of the Fund and in line with the requirements detailed in the approval e-mail issued by the FCA, the Operator is required to publish an Assessment of Value for the Fund on an annual basis. This requires Carne to assess the overall value that the Fund delivers to investors and to publish these findings annually.

Overview

Our Assessment of Value (“AoV”) process for determining if a fund delivered value involved examining investment performance, fund costs and quality of service. To do this, as Operator to the Fund, we independently consider information on each of the seven value assessment criteria listed below. If we determine that improvements are necessary, we will determine the actions required and monitor the activity undertaken to remedy the issues identified.

The AoV has been completed based on the performance data of the Fund up to 30 November 2024, the date of the audited financial statements.

It is the responsibility of the Carne Board of Directors to consider the outcomes of these assessments, ensure they are clear and fair, and to communicate to the investors if value has been delivered or, if not, identify potential next steps.

Our assessment criteria

In line with FCA requirements we have assessed the following criteria:


1. Quality of service
2. Performance
3. Operator costs
4. Economies of scale
5. Comparable market rates
6. Comparable services
7. Classes of units

Our assessment of value process utilises data gathered across the range of funds under management and utilisation of external market data, where applicable.







Executive summary

As at the date of this report the Fund had one active sub-fund and summary of findings are as follows:



Sub-fund name	Delivered Value
abrdrn Future Real Estate UCITS ETF	

The outcome of our assessment on the various criteria is included in this report for the Sub-Fund, together with relevant explanations and any actions being taken or necessary. The table below provides a summary of our assessment, using a traffic light system rating as described below:

Key:

	Delivered value
	Delivered value but potential action/monitoring required.
	Fund has not provided value for investors.
	Too new to rate or N/A

Findings:

	abrdrn Future Real Estate UCITS ETF
1. Quality of service	
2. Performance	
3. Operator Costs	
4. Economies of Scale	
5. Comparable market rates	
6. Comparable services	
7. Classes of units	

In relation to investment performance, the Sub-Fund has partially met its investment objective during the period having generated capital growth provided by absolute positive returns since inception, however, the sub-fund has not met its performance target, in which the Sub-Fund aims to outperform the FTSE EPRA NAREIT Developed Net Index (the "Benchmark Index"). Although the Sub-Fund has not met its performance target, there are no concerns in relation to the sub-fund's performance.

In our view, based on our assessment of the various criteria we concluded that, overall, the Sub-Fund has delivered acceptable value for investors.



Assessment of Value

1. Quality of service

Are we satisfied that the quality of service being provided to the Fund for the sub-fund noted above represents value to investors?

We examined the range and quality of services provided by considering a number of key aspects including the investment process, investor experience and fund operations, to determine the quality of the service delivered.


- *Investment management:* the effectiveness of the process is validated through a number of governance processes and committees. Where any part of the service has been delegated, all service providers are leading companies in their specialised areas and have demonstrated a satisfactory quality of service. In relation to the Investment Manager, we look at the breadth of knowledge and expertise, including their portfolio managers, support teams, investment processes and disciplines together with ongoing communications and engagement with the Sub-Fund's investor base. Liquidity and risk are also reviewed and controlled by internal processes, within the Investment Manager, to ensure the Sub-Fund remains aligned to its objectives and within the parameters set out in the Fund's prospectus and supplement for the Sub-Fund.

The investment objective 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. The performance objective of the Sub-Fund is to outperform the FTSE EPRA NAREIT Developed Net Index (the "Benchmark Index") before charges. The Sub-Fund is actively managed. This objective is the primary component of our assessment of the quality of the investment management service provided and we assessed the Sub-Fund on this criterion.

- *Risk management:* Carne applies standard risk management procedures and governance processes. Carne reviews post trade compliance reporting on all investment activities performed by the Sub-Fund. We examine all operational issues which may affect the Sub-Fund and impact the quality of service provided to investors. Detailed due diligence is performed on all delegates and actions are promptly followed up and remediated where required. We are satisfied that risk management processes applied to the Sub-Fund are appropriate and that an adequate service standard is adhered to in this regard.
- *Fund operations:* Carne, through our delegates that are appointed to the Fund, aim to ensure that all operations of the Sub-Fund are executed accurately and efficiently. Key Performance Indicators (KPIs) are monitored continually by Carne to ensure compliance with regulatory requirements and stable and effective operations. The Sub-Fund is serviced by top tier service providers, with the requisite level of skills and expertise. This is demonstrated through their day-to-day operations of the Sub-Fund and quality and timely delivery of required information to relevant stakeholders.
- *Investor experience:* client service is an important part of the service provided and we ensure that any communications are relevant, current and tailored to investors' needs to ensure clarity about the fund and the associated risks. We also monitor the quality of investor communications, including the frequency and delivery/distribution methods of these communications. Carne has not been advised of any investor complaints during the period since inception.



During the period under review, there have been no issues with the service providers appointed to the Fund and the service providers including with respect to portfolio trades, investor deals, communications, reporting, timely and accurate calculation of prices, breach reporting and handling.

Conclusion:		The Sub-Fund was serviced to a satisfactory standard.
Next steps:	We will continue to closely monitor the quality of service of the Sub-Fund over the course of the year.	



2. Performance

Is the fund delivering on its investment objectives?

As part of the AoV process we review the performance of the Sub-Fund, net of costs and charges, to determine if the Sub-Fund has met its objective regarding performance.

As this is an active fund aiming to outperform the respective benchmark, we closely monitor the performance of the Sub-Fund with respect to that of the Sub-Fund's benchmark.

The investment objective 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.

The Performance Target is to outperform the FTSE EPRA NAREIT Developed Net Index (the "Benchmark Index") before charges.

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

The Sub-Fund will invest at least 80% in listed real estate holding and development companies and REITs listed on global stock exchanges (each a "Company" and collectively "Companies") that make up the Benchmark Index. The Sub-Fund may invest up to 20% in listed Companies globally that are not constituents of the Benchmark Index, but which operate in sectors researched by the abrdn Real Estate Global HouseView.

In the Sub-Fund's pursuit of the investment objective, the Sub-Fund is designated as an Article 8 fund under the EU SFDR Regulations. As disclosed in the pre-contractual disclosures, the Sub-Fund commits to promoting Environmental/Social characteristics through its investments and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments. The Sub-Fund has invested in line with its pre-contractual disclosures.

Where there is a sustained period of underperformance, we seek to understand the reasons and the action being taken to address the underperformance on a timely basis with a view to seeking that such underperformance does not persist for an extended period and result in an accumulated underperformance that renders the investment objective unachievable without a significant change in the investment policy and strategy. Likewise, where there is a sustained period of overperformance we seek to assess whether risks were taken that are not compatible with the relevant Sub-Fund's objectives and policy.

The Sub-Fund has delivered positive capital growth since inception, however, the Sub-Fund is underperforming its benchmark and therefore has not met its performance target, meaning its investment objective has not been fully met.

Given that the Sub-Fund was launched in February 2023, it is not possible to present returns for the 3-year, 5 year or longer term performance periods.

Net returns (i.e. after costs and charges) for the Sub-Fund for the period from launch to 30 November 2024 were as follows:

	abrdn Future Real Estate UCITS ETF
NAV Return Since Inception (SI)	14.83 %
Benchmark Net Return SI	15.91 %
Outperformance / Underperformance SI	-1.08 %
NAV Return 1 Year	17.17%
Benchmark Net Return 1 Year	18.90%



Outperformance / Underperformance 1 Year	-1.73%
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The “Since Inception” figures above are calculated by converting the fund and the benchmarks annualized NAV Return figures to cumulative figures using the fund inception date 1 March 2023.

The 1-year figures are calculated using the NAV return for both the fund and the benchmark. Note that the 1-year figures included in the Financial Statements differ from the above 1-year figures due to the methodology used. The Financial Statements figures disclosed use Gross Daily Time Weighted Return figures, rather than the NAV return figures used above.

The Sub-Fund received an Amber RAG rating primarily due to the fact that whilst the Sub-Fund has generated growth since inception, it is currently underperforming its performance target to outperform the FTSE EPRA NAREIT Developed Net Index (before charges). However, the Sub-Fund has been managed in line with its investment policy also noting that the Sub-Fund has a 5 year period in which it aims to outperform the benchmark, and it is currently only in year 2 since inception.

The Investment Manager is confident Sub-Fund will meet its investment objective over the long term.

Past performance is not a reliable indicator of future results. Since the Sub-Fund is an active ETF, it is challenging to identify a relative peer group given the nature of the investment strategy of the Sub-Fund.

Conclusion:		The Sub Fund has delivered value but potential action/monitoring required.
Next steps:	We will continue to closely monitor the performance of this Sub-Fund over the course of the year, focusing on the fund's relative performance versus the benchmark.	



3. Operator costs

Are the fees charged to investors for management costs reasonable and fair?

The Board of Carne includes a number of independent directors, and all directors have extensive investment industry experience and together bring a broad diversity of viewpoints and expertise.

All operational fees are paid from the fixed total expense ratio (“TER”). Should the fees and operational expenses of the Sub-Fund exceed the TER, the additional expenses shall be borne by the Investment Manager.


The fees incurred by each investor should be reasonable in light of the cost of the service the Sub-Fund is receiving. This applies not just to management fees but to all fund charges. There is one fixed charge which captures all fees charged to the Sub-Fund, including the fees of the Operator. The cost of all external services is paid out of the fixed TER. In the event that the Sub-Fund’s costs are higher than the fixed fee, the Investment Manager subsidises the costs. During this assessment period, the costs and expenses of the Sub-Fund exceeded the fixed TER and the Investment Manager has paid the excess costs.

Effective management of costs is primarily the responsibility of both Carne and the Investment Manager to ensure costs are aligned with the fixed TER. Sub-Fund costs are monitored to ensure the best rates are achieved. Where opportunities are identified to reduce charges to investors, the TER may be considered for amendment in the future.

Costs of the Sub-Fund is comprised of two principal elements:

- Management fees paid to the Operator which is based on a fixed % of the Sub-Fund’s net asset value.
- Other third-party costs related to operation and administration including fund accounting, transfer agency, custody, audit, regulatory fees – this is typically a fixed minimum fee, plus a variable element dependent on transaction volumes and/or as a % of the Sub-Fund’s net asset value.

In respect of operational costs, the Operator and the Investment Manager seek to leverage off existing relationships in order to obtain competitive rates from third party providers.

Conclusion:		We believe that the Operator has delivered value during the period under review.
Next steps:		We will continue to closely monitor impact of Operator costs to ensure appropriate for each Sub-Fund.



4. Economies of Scale


Have the economies of scale been realised and have savings been passed on to investors?

A fund can generate economies of scale as it grows, as the costs of managing the fund decrease as the size of the fund grows. We have considered whether the Sub-Fund achieves economies of scale. We have considered this assessment at both Fund and Sub-Fund level so we can assess whether there are potential economies of scale in the Fund and whether or not these have been achieved in practice.

The Sub-Fund has completed its second financial period end and AUM has grown considerably from the prior year end. There is a Fixed TER expense arrangement in place.

The Investment Manager monitors the actual expenses incurred compared to the Fixed TER charged to the investors on an ongoing basis. The Investment Manager due to its size and scale benefits through improved costs of services. The expense arrangement is such that the Investment Manager will bear the burden of the costs during the initial investment phase of the Sub-Fund and when economies of scale is reached and where all costs and expenses of a Sub-Fund or class are met and exceeded by the Fixed TER the Sub-Fund will pay any excess from the Fixed TER to the Investment Manager as the investment management fee.

	Abrdn Future Real Estate UCITS ETF
AUM size – 30 November 2024	USD 90,448,613

Conclusion:		The Sub-Fund has not reached a level where the Sub-Fund can benefit from economies of scale due to the size of the AUM.. However, the impact of this is mitigated to investors by the Fixed TER arrangement, whereby the Investment Manager pays any excess of costs and fees incurred above the Fixed TER.
Next steps:		We will continue to closely monitor to determine where economies of scale can be achieved and whether the cost to investors continues to provide value for money.



5. Comparable market rates

Is the sub-fund priced reasonably compared to other competitor strategies?

The fees and expenses payable in respect of the 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 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 and Secretary and the payment of the following fees and expenses:

- the cost of listing and maintaining a listing of Shares on any Listing Stock Exchange;
- the cost of convening and holding Directors’ and Shareholders’ meetings;
- professional fees and expenses for legal and other consulting services;
- 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;
- 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;
- the costs and expenses of any investment adviser appointed by the Manager;
- the costs and expenses of any paying agent appointment by the ICAV;
- all establishment costs of the ICAV and the Funds not otherwise referred to above; and
- 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 sub-fund.


We examined the charges of the Sub-Fund at a share class level by comparing the price of the Sub-Fund share class against the ongoing charge (“OGC”) of other external peer groups using external market data available from Morningstar Direct. The population of active funds investing in indirect property within Morningstar Direct was limited therefore the cost comparison was broadened to compare to both active and passive funds. On review of the peer group information the Sub-Fund is noted as within the 2nd quartile are considered a reasonable indicator of value for money for investors. There is always a premium on active ETFs compared to passive funds.


Where all costs and expenses of the Sub-Fund or class are met and do not exceed the Fixed TER the Fund will pay any such excess amount to the Investment Manager as the Investment Management fee.

In the event the costs and expenses of the Sub-Fund or class that are intended to be covered within the Fixed TER exceed the stated TER, the Investment Manager will discharge any excess amounts out of its’ own assets. For the period ended 30 November 2024 the fees and expenses of the Sub-Fund exceeded the TER resulting in a nil fee paid or payable to the Investment Manager.

Class charges were examined against a customised peer group based on data sourced from Morningstar to compare TERs and OGC:



	abrdn Future Real Estate UCITS ETF	
Share Class	USD Accumulating	
Sub-fund Fixed Expense ratio	0.40%	
Compared to Peer Groups		
Morningstar Direct		
OGC – ETF Equity Funds, Ireland domicile	<i>2nd Quartile</i>	
<i>Morningstar Category: EEA Fund Property - - Indirect Global (both passive and active)</i>		

Conclusion:		We found that the Sub-Fund is reasonably priced in comparison to other funds in the broad sector.
Next steps:		We continue to monitor that costs are priced reasonably and to consider if any action is required given future AUM and performance.




6. Comparable services

Is the sub-fund priced reasonably compared to other Carne products with similar strategies?


Comparable services is an internally focused assessment against other sub-funds whereas comparable market rates is an externally focused assessment against external competitor peer funds. We reviewed internal products that have similar investment objective, investment policies and similar assets under management.

It is not possible to directly compare the TER charges for the Sub-Fund to others following the same investment strategies due to the bespoke nature of the investment strategies and comparative index.

However, we reviewed internal products that we consider as similar ETF products having similar investment objectives, investment policies and similar assets under management, noting that Carne data does not differentiate between active and passive management.

abrdn Future Real Estate UCITS ETF	
Share Class	USD Accumulating
Sub-fund Fixed Expense ratio	0.40%
Compared to Peer Groups	
Carne – Equity ETFs	
OGC – Equity ETFs (both passive and active)	1 st Quartile 

The population of ETF comparison under management within Carne is too small a universe to provide a comparative peer group and are primarily passive rather than active funds, however the findings that these are in the 1st quartile are considered a reasonable indicator of value for money for investors. There is always a premium on active ETFs compared to passive funds.

Conclusion:		We found that the Sub-Fund is reasonably priced in comparison to other ETFs managed by Carne.
Next steps:		We continue to monitor that costs are priced reasonably and to consider if any action is required given future AUM and performance.



7. Classes of units


Are the investors in the most appropriate and lowest charging unit classes for which they are eligible?

The Sub-Fund has only one active share class: USD Accumulating ETF Share Class which incurs a Fixed TER of up to 0.40%. The Minimum Subscription Amount is 100,000 Shares or the cash equivalent in the class currency.

All other share classes have a TER of up to 0.40% or 0.45%, therefore there is no lower cost share class available to investors. Share Classes differ primarily on dividend policy, currency and hedging.

A typical investor would be one who is a private or institutional investor and is seeking capital appreciation over the long term. Such an investor is also one that is able to assess the merits and risks of an investment in the Shares of the relevant Class of each Sub-Fund.

Only Authorised Participants may subscribe for and redeem ETF Shares in the Fund directly with the ICAV. However, it is envisaged that ETF Shares will be bought and sold by private and institutional investors in the secondary market, therefore it is not always possible to monitor if investors are in the most appropriate and lowest charging class for which they are eligible.

Conclusion:		It is not always possible to monitor if investors are in the most appropriate and lowest charging class for which they are eligible given the investors trading in the secondary market. However, it is also noted there is currently only 1 active share class available for subscription and there are no lower cost share classes available.
Next steps:	No further action required.	



Appendix I –List of investment objectives for each sub-fund

<p>abrdn Future Real Estate UCITS ETF</p>	<p>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.</p> <p>Performance Target of the Fund is to outperform the FTSE EPRA NAREIT Developed Net Index (the “Benchmark Index”) before charges.</p>
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Unity through simplicity™

Signatory of:
 PRI Principles for Responsible Investment