



# abrdn Dynamic Distribution Fund\*

Prospectus  
6 November 2024

\*This fund was formerly known as ASI Dynamic Distribution Fund.

**abrdn.com**

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## Glossary

Note that not all terms set out in this Glossary are used in the Prospectus.

Term	Definition
Absolute Returns	A fund which targets a specific level of return rather than a return in excess of that of a stock, <i>bond</i> , <i>commercial property</i> or other market.
Active / Actively Managed	An investment management technique where judgement is employed based on analysis to select fund holdings in an attempt to deliver targeted performance.
AIFMD Level 2 Regulation	Commission Delegated Regulation (EU) 231/2013 supplementing Directive 2011/16/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as it applies in the UK by virtue of the EUWA.
Approved Bank	As defined in the glossary of definitions in the FCA Rules.
Average	When used in the context of a group of funds with different returns, “ <i>average</i> ” is calculated by adding together all the returns and then dividing by the number of funds.
Benchmark Regulation	Regulation (EU) 2016/1011 of the European Parliament and the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as it applies in the UK by virtue of the EUWA.
Bond/s	An investment taking the form of a loan, usually to a company or government, that pays interest. There are many different types of <i>bonds</i> with specific characteristics; examples include inflation-linked, convertible, asset-backed and Mortgage-Backed.
Cash	Readily available non-invested assets held at a bank or other financial institution.
COLL	The Collective Investment Schemes Sourcebook forming part of the FCA Rules.
Commercial Property	Land and buildings such as offices, shopping centres, and warehouses owned on a <i>freehold</i> or <i>leasehold</i> (see <i>freehold</i> / <i>leasehold</i> ) basis and let to tenants in exchange for a rent. Non-traditional assets include nursing homes, student accommodation, caravan parks and multi-let residential developments. Excludes assets such as houses let to individual tenants.
Commodity	A raw material or product that can be traded on various exchanges such as gold, silver or oil.

Term	Definition
Comparator/Performance Comparator	A factor against which a fund manager invites investors to compare a fund's performance.
Constraint / Portfolio Constraining Benchmark	A factor that fund managers use to limit or constrain how they construct a fund's portfolio with the intention of limiting risk. A " <i>portfolio constraining benchmark</i> " is an index which is used as a reference point for these factors.
Creditworthiness	An assessment of the ability of a borrower to repay debt. Typically refers to the perceived riskiness of <i>bonds</i> issued by companies or governments.
Currency Exposure	The potential for a fund that invests overseas to lose or gain money purely because of changes in the currency exchange rate.
Derivative	Financial instruments whose value depends in some way on the value of other, more basic, underlying financial assets or indices. They may commonly relate to the value of particular equities or markets more broadly, <i>commodities</i> like oil or grain, but also <i>interest rates</i> , inflation and <i>volatility</i> . There are many types of <i>derivatives</i> , with the most common being <i>swaps</i> , <i>futures</i> and <i>options</i> .
Diversification/Diversified	Holding a variety of investments that typically perform differently from one another with the intention of smoothing the fund's performance profile.
Domiciled	Country where a company has its permanent registered headquarters.
Duration	A measure of sensitivity to the effect of changes in <i>interest rates</i> on the value of <i>bonds</i> . Individual <i>bonds</i> or <i>bond</i> funds with high <i>duration</i> are more sensitive than those with low <i>duration</i> .
EEA	European Economic Area.
EEA State	A State which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, as it has effect for the time being.
EEA UCITS	An undertaking for collective investment in transferable securities that satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA.
Emerging Markets	Countries that are progressing towards becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.
Enhanced Index/Indexing	A form of portfolio management supported by the use of numerical techniques where funds are typically managed more closely to, and constrained by, a <i>performance comparator</i> , than traditional Actively Managed funds.
Equity Related Securities	Instruments which share many or most of the characteristics of equities (company shares) such as P-Notes (participatory notes).

Term	Definition
Ethical Investment Policy	The <i>ethical investment policy</i> of abrdn, which can be found at the following website: <a href="https://www.abrdn.com/en/uk/wealthmanager/investment-capabilities/esg-investment">https://www.abrdn.com/en/uk/wealthmanager/investment-capabilities/esg-investment</a> .
EUWA	the European Union (Withdrawal) Act 2018.
Exchange Traded Funds (ETFs)	A basket of securities (bonds, company shares, etc.) which trade on an exchange. The constituents of the basket are selected so that the ETF's performance replicates something else, typically an index. ETFs are often used to obtain exposure cheaply and because they trade on an exchange, are generally easy to buy and sell.
Exposure	Direct or indirect investment in a particular asset or asset type which may be expressed as a percentage of a fund.
FCA	The Financial Conduct Authority or any successor body or bodies as regulatory authority.
FCA Rules	The FCA's handbook of rules and guidance as amended from time to time.
Fixed Rate	An <i>interest rate</i> that will remain the same throughout the asset lifecycle.
Floating Rate	An <i>interest rate</i> that may change throughout the asset lifecycle often dependent on a pre-set reference point.
Freehold/Leasehold	The owner of the property owns it outright including the land it's built on/The owner holds the property but not the land, on expiry of the lease the ownership returns to the freeholder.
Frontier Markets	Countries that are more established than the least developed countries but still less established than <i>emerging markets</i> .
Futures	<i>Futures</i> are financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical <i>commodity</i> or a financial instrument, at a predetermined future date and price.
Infrastructure	Investments in companies (via shares or loans) managing or developing projects aimed at improving a country or region's <i>infrastructure</i> including transportation, water, communication, electric systems etc.
Interest Rates	An <i>interest rate</i> is a percentage charged/earned on the total amount you borrow/save.
Investment Grade / High Yield	Refers to the credit quality of a <i>bond</i> (a loan to a company or government). <i>Investment grade bonds</i> have a higher rating as judged by a <i>rating agency</i> than <i>high yield bonds</i> and are thus judged to be less likely to default on their obligations to repay the loan and the interest on it. To compensate for the higher risk, <i>high yield bonds</i> pay a higher rate of interest than Investment Grade <i>bonds</i> .

Term	Definition
Leverage	An increase in exposure within a fund either through borrowing cash to fund asset purchases or the use of derivatives. In the case of the latter, leverage occurs because the exposure obtained by purchasing derivatives exceeds the cash cost of the derivative itself.
Liquidity	The degree to which an investment can be quickly bought or sold on a market without it materially affecting its price.
Long Positions	A Long Position refers to the ownership of an asset with the expectation that it will rise in value.
Long Term	Five or more years.
Market Cycle	An assessment by market participants of changes between different market or business environments.
Medium Term	Three to five years.
Money-Market Instruments	Investments usually issued by banks or governments that are a <i>short term</i> loan to the issuer by the buyer. The buyer receives interest and the return of the original amount at the end of a certain period.
Mortgage-Backed Bond	A <i>mortgage-backed Bond</i> is a <i>bond</i> secured by a mortgage on one or more assets, typically backed by real estate holdings and real property such as equipment.
Options	<i>Options</i> are similar to <i>futures</i> ; however instead of being obliged to buy/sell something at a pre-determined date, the fund is buying the <i>option</i> to buy/sell something during a period of time or on a specific date.
Passively Managed/Passive Management	An investment management technique where the management team aims to achieve a similar investment return to that of a particular market index. Different indexation methods may be used to achieve this goal. For example, the management team may construct a portfolio which fully replicates the market index. Alternatively they may construct a portfolio which is highly correlated to the market index but does not fully replicate the market index ("sampling"). The choice of technique is a matter of judgement but is determined by the primary objective of replicating the market index return as closely as possible.
Performance Target	Refers to a level of performance which the management team has in mind when managing a particular fund. Usually expressed by reference to an index or as a particular value. Although the management team aims to achieve the <i>performance target</i> , there is no certainty this will be achieved.
Quantitative Techniques	Investment management techniques where the management team use approaches based on numerical analysis to select fund holdings.
Quartile	A term used when a group of products are grouped together and ranked by a particular feature, such as performance, and then split into four groups (four <i>quartiles</i> ). As an example "Top <i>quartile</i> performance" refers to the products within the group ( <i>quartile</i> ) that performed the best.

Term	Definition
Rating Agency	A <i>rating agency</i> is a company that assesses the financial strength of companies and government regarding their ability to make interest payments and ultimately repay debts, particularly <i>bonds</i> , they have issued.
Real Estate Investment Trusts (REITS)	Companies usually listed on a stock exchange that own and manage predominantly income-producing commercial or residential property.
Repo /Reverse Repo	An agreement between two parties, one of which is the fund, to sell or buy an asset and later reverse the trade at a pre-agreed date and price.
Risk Target	Refers to a level of risk which the management team has in mind when managing a particular fund. In this context, “risk” refers to the <i>volatility</i> of the fund’s <i>unit</i> price. May be expressed relative to an index, or as a particular value. Although the management team aims to achieve the <i>risk target</i> , there is no certainty this will be achieved.
Rolling	Refers to periods of time which are of a consistent length and which continually move (or “roll”) forward as time elapses. So “ <i>rolling</i> three year periods” refers to a period of time going back three years from a given date, where the given date moves forward by 1 day every day.
Sector/Sector Weightings	A grouping of companies or businesses which are categorised for investors as operating in similar industry or market and sharing similar characteristics. “ <i>Sector weightings</i> ” refers to the proportion of a fund invested in a particular <i>sector</i> or <i>sectors</i> . Additionally, similar funds are typically grouped together by organisations such as the Investment Association as a means of facilitating performance comparisons – these groups are also referred to as “ <i>sectors</i> ”.
Short Position	A Short Position refers to transactions in assets which are expected to benefit from a fall in the value of the asset.
Short Term	Less than three years.
SRRI	Synthetic Risk and Reward Indicator; as used in Key Investor Information Documents, this is a measure of fund risk represented by a 1 to 7 scale where “1” represents the lowest and “7” the highest risk, based on historic fund price <i>volatility</i> .
Sub Investment Grade	Sub investment grade bonds have a lower rating as judged by a rating agency than investment grade bonds and are thus judged to be more likely to default on their obligations to repay the loan and the interest.
Swaps	A <i>swap</i> is a <i>derivative</i> contract through which two parties exchange the <i>cash</i> flows or liabilities from two different financial instruments.
Trust Deed	The trust deed constituting the fund dated 3 and 6 February 2006, as amended by subsequent supplemental trust deeds from time to time.
Trustee	The <i>trustee</i> and depositary of the fund, Citibank UK Limited.

Term	Definition
UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended (including by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014).
UCITS scheme	A UK UCITS.
UK	United Kingdom.
UK CRR	Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as it applies in the UK by virtue of the EUWA, read together with any “CRR rules” as defined in section 144A of the Act.
UK UCITS	An undertaking for collective investment in transferable securities established in the UK within the meaning of section 236A and 237 of the Act.
VIE (variable interest entity)	A structure that enables foreign investors to gain indirect <i>exposure</i> to companies with foreign ownership restrictions.
Volatility	A measure of the size of changes in the value of an investment. Commonly, the higher the <i>volatility</i> , the higher the risk.
Yield	The income from an investment usually stated as a percentage of the value of the investment.



This document is the prospectus for the fund valid as at 6 November 2024.

## Prospectus

for

abrdr Dynamic Distribution Fund

(the "fund")

The fund is an authorised unit trust scheme under the Financial Services and Markets Act 2000, as amended (the "Act"). This prospectus contains information to be disclosed to prospective and existing investors in accordance with the rules contained in COLL and the Investment Funds Sourcebook published by the FCA as part of the FCA Rules made under the Act.

## General Information

### The Manager and AIFM

abrdr Fund Managers Limited is the Manager and alternative investment fund manager ("AIFM") of the fund. The Manager, as AIFM of the fund, is responsible for the portfolio management and risk management in relation to the fund. The Manager must act honestly, fairly, professionally, independently and in the interest of the fund and its holders in carrying out this role. The Manager is a private company limited by shares, incorporated in England and Wales on 7 November 1962. The Manager is a wholly owned subsidiary of abrdr plc (formerly known as Standard Life Aberdeen plc), a company incorporated in Scotland. The registered office of the Manager is 280 Bishopsgate, London EC2M 4AG. It has an issued and fully paid up share capital of £738,550.

The Manager is authorised to carry on investment business in the UK by virtue of it being authorised and regulated by the Financial Conduct Authority.

The Manager maintains an appropriate level of "own funds" in accordance with the AIFMD Level 2 Regulation in order to cover the professional liability risks detailed under the AIFMD Level 2 Regulation, including risks such as loss of documents evidencing title to assets of the Scheme or acts, errors or omissions resulting in a breach of the law or the Manager's fiduciary duties.

Subject to the FCA Rules, holders may by resolution vote to make a request to the Trustee that the Manager should be removed. Such a removal would be without prejudice to any claim the Manager may have for damages.

The Manager acts as authorised corporate director of the following open-ended investment companies:

abrdr OEIC I <sup>1</sup>  
abrdr OEIC II <sup>2</sup>  
abrdr OEIC III <sup>3</sup>  
abrdr OEIC IV <sup>4</sup>  
abrdr OEIC V <sup>5</sup>  
abrdr OEIC VI <sup>6</sup>  
abrdr UK Real Estate Funds ICVC <sup>7</sup>  
Global Managers Investment Company \*

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<sup>1</sup> This fund was previously known as Aberdeen Standard OEIC I

<sup>2</sup> This fund was previously known as Aberdeen Standard OEIC II

<sup>3</sup> This fund was previously known as Aberdeen Standard OEIC III

<sup>4</sup> This fund was previously known as Aberdeen Standard OEIC IV

<sup>5</sup> This fund was previously known as Aberdeen Standard OEIC V

<sup>6</sup> This fund was previously known as Aberdeen Standard OEIC VI

<sup>7</sup> This fund was previously known as Standard Life Investments UK Real Estate Funds ICVC

The Manager also acts as the manager of the following authorised unit trusts:

Aberdeen Capital Trust \*  
abrden Unit Trust I <sup>8</sup> \*  
abrden Global Absolute Return Strategies Fund<sup>9</sup> \*  
abrden Global Real Estate Fund <sup>10</sup>  
abrden Strategic Investment Allocation Fund <sup>11</sup> \*  
abrden (Lothian) Active Plus Bond Trust <sup>12</sup> \*  
abrden (Lothian) European Trust <sup>13</sup>  
abrden (Lothian) European Trust II <sup>14</sup> \*  
abrden (Lothian) Global Equity Trust II <sup>15</sup> \*  
abrden (Lothian) International Trust <sup>16</sup>  
abrden (Lothian) Japan Trust <sup>17</sup>  
ASI (Standard Life) Multi-Asset Trust \*  
abrden (Lothian) North American Trust <sup>18</sup>  
abrden (Lothian) Pacific Basin Trust <sup>19</sup>  
abrden (Lothian) Short Dated UK Government Bond Trust <sup>20</sup> \*  
abrden (Lothian) UK Corporate Bond Trust <sup>21</sup> \*  
abrden (Lothian) UK Equity General Trust <sup>22</sup>  
abrden (Lothian) UK Government Bond Trust <sup>23</sup> \*  
abrden MT <sup>24</sup>  
abrden UK Real Estate Trust <sup>25</sup>  
Standard Life Global Equity Trust \*  
Standard Life Investments Ignis Global Growth Fund \*  
Standard Life Investments Ignis Pacific Growth Fund \*  
Standard Life Pan-European Trust \*

The Manager also acts as the authorised contractual scheme manager of the following authorised contractual scheme:

abrden ACS I <sup>26</sup>

\* This fund is in the process of being wound up

The Directors of abrden Fund Managers Limited are:

Adam Shanks

Aron Mitchell

Carolyn Dobson\*

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<sup>8</sup> This fund was previously known as Aberdeen Standard Unit Trust I

<sup>9</sup> This fund was previously known as ASI Global Absolute Return Strategies Fund

<sup>10</sup> This fund was previously known as ASI Global Real Estate Fund

<sup>11</sup> This fund was previously known as ASI Strategic Investment Allocation Fund

<sup>12</sup> This fund was previously known as ASI (Standard Life) Active Plus Bond Trust

<sup>13</sup> This fund was previously known as ASI (Standard Life) European Trust

<sup>14</sup> This fund was previously known as ASI (Standard Life) European Trust II

<sup>15</sup> This fund was previously known as ASI (Standard Life) Global Equity Trust II

<sup>16</sup> This fund was previously known as ASI (Standard Life) International Trust

<sup>17</sup> This fund was previously known as ASI (Standard Life) Japan Trust

<sup>18</sup> This fund was previously known as ASI (Standard Life) North American Trust

<sup>19</sup> This fund was previously known as ASI (Standard Life) Pacific Basin Trust

<sup>20</sup> This fund was previously known as ASI (Standard Life) Short Dated UK Government Bond Trust

<sup>21</sup> This fund was previously known as ASI (Standard Life) UK Corporate Bond Trust

<sup>22</sup> This fund was previously known as ASI (Standard Life) UK Equity General Trust

<sup>23</sup> This fund was previously known as ASI (Standard Life) UK Government Bond Trust

<sup>24</sup> This fund was previously known as ASIM Trust

<sup>25</sup> This fund was previously known as Standard Life Investments UK Real Estate Trust

<sup>26</sup> This fund was previously known as Aberdeen Standard ACS I

Emily Smart

Fraser Tulloch

Jamie Matheson\*

Martin Kwiatkowski

Michael Champion\*

Philip Wagstaff\*

\*Independent Non-Executive Director of abrdn Fund Managers Limited.

## THE MAIN BUSINESS ACTIVITIES OF THE DIRECTORS NOT CONNECTED WITH THE BUSINESS OF THE MANAGER:

A complete list of other directorships can be provided on written request.

In performing its role of Manager of the fund, the Manager may delegate such of its functions as it may determine from time to time. As at the date of this Prospectus, the abrdn group of companies (of which the Manager is part) provides a wide range of services in respect of the fund, including portfolio management, marketing and distribution, management of suppliers, controls of pricing and expenses and compliance. In addition, external suppliers may be retained by the abrdn group of companies (including the Manager) for the provision of services. As at the date of this Prospectus services which are provided on an on-going basis by external suppliers include fund accounting, investor record keeping and transfer agency (i.e. the processing of applications for sales, redemptions, conversions and switches, servicing investor requests and enquiries relating to the fund).

## The Trustee and Depositary

### General

The trustee and depositary of the fund is Citibank UK Limited<sup>27</sup>. The registered office of the Trustee is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Trustee is a private limited company incorporated in England with registered number 11283101.

The Trustee is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The ultimate holding company of the Trustee is Citigroup Inc., a company which is incorporated in New York, USA.

### Terms of Appointment

The appointment of the Trustee as Depositary of the fund was originally made under an agreement dated 4 July 2014 with an effective date of 7 July 2014. A new agreement has been put in place dated 7 August 2019 which was novated to the Trustee with effect from 23 October 2021 (the "Depositary Agreement").

The Trustee is required to carry out the duties specified in the FCA Rules, including:

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<sup>27</sup> Citibank Europe plc, UK Branch was replaced as trustee and depositary of the fund with effect from 00.01 on 23 October 2021.

- cash monitoring and verifying the fund's cash flows;
- safekeeping of the financial instruments which can be registered in the Trustee's name and verifying the ownership by the Manager on behalf of the fund of other assets belonging to the fund;
- ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of units are carried out in accordance with the Trust Deed, the prospectus and applicable law, rules and regulations;
- ensuring that in transactions involving scheme property any consideration is remitted to the Manager on behalf of the fund within the usual time limits;
- ensuring that the fund's income is applied in accordance with the Trust Deed, the prospectus, applicable law, rules and regulations; and
- carrying out instructions from the Manager unless they conflict with the Trust Deed, the prospectus or applicable law, rules and regulations.

The Depositary Agreement may be terminated by either party on not less than 90 days' prior written notice to the other party provided that the Trustee may not voluntarily retire until the appointment of a successor as depositary.

To the extent permitted by the FCA Rules, the Manager on behalf of the fund will indemnify the Trustee (or its associates) against the costs, charges, losses and liabilities arising from or in connection with the Trustee's appointment as Depositary or performance of its obligations, except where the Trustee is liable owing to it being at fault under the terms of the Depositary Agreement.

The fees and expenses incurred by the Trustee are payable out of the General Administration Charge as set out below.

Holders have no personal right to directly enforce any rights or obligations under the Depositary Agreement.

### **Liability of the Trustee**

As a general rule, the Trustee is liable for any losses suffered as a result of the Trustee's negligent or intentional failure to properly fulfil its obligations except that it will not be liable for any loss where:

- the event which has led to the loss is not the result of any act or omission of the Trustee or of such third party;
- the Trustee could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice; and
- despite rigorous and comprehensive due diligence, the Trustee could not have prevented the loss.

As a general rule, whenever the Trustee delegates any of its safekeeping functions to a delegate, the Trustee will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Trustee. However, there may be situations and/or circumstances in which the Trustee is not liable for the acts or omissions of a delegate which is not an associate of the Trustee or of the Manager (as set out below).

In the case of loss of a financial instrument by the Trustee or by a third party who is neither an associate of its own nor an associate of the Manager to whom its custody has been properly delegated, the Trustee is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay, but it will not be under such an obligation:

- if it can prove that the loss arose as a result of an external event beyond the Trustee's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; or
- if it can prove that:
  - (a) the lost financial instrument was held in custody by a third party;
  - (b) the Trustee had properly delegated its functions to the third party;
  - (c) a written contract between the Trustee and the third party:
    - (i) expressly transfers such obligation to the third party; and
    - (ii) enables the Manager acting on behalf of the fund to make a claim against the third party in respect of the loss of the financial instrument, or for the fund to make such a claim on their behalf; and
  - (d) a written contract between the Manager and the Trustee expressly allows a transfer of the Trustee's said obligation and establishes an objective reason for the transfer.
- if the Trustee delegates custody functions to a custodian in any of the following circumstances:
  - (a) where the Trustee has no presence in the jurisdiction where any such financial instrument is issued or commonly held; or holding such financial instrument other than through a sub-custodian would be inefficient or uneconomic; or it is not practicable to hold the financial instrument other than through a Clearance System in which the Trustee is not a participant; or
  - (b) where the Trustee intends to retain the services of a global sub-custodian of the scheme property, but the Trustee has no practicable way of holding assets of the type in which the Manager wishes to invest without appointing such global custodian; or
  - (c) where the Manager (on behalf of the fund) enters into an agreement with a prime broker, and the Trustee appoints the same legal entity as a sub-custodian, the prime broker would not otherwise provide services to the fund and the Manager, and the use of the same legal entity as a sub-custodian enables the Trustee to provide an efficient and cost-effective service,

and (i) the contract between the Trustee and such custodian or local entity contains a clause transferring the liability of the Trustee to such custodian or local entity and makes it possible for the Manager or the Trustee acting on behalf of the fund to make a claim against such custodian or local entity in respect of the loss of a financial instrument belonging to the Manager on behalf of the fund or for the Trustee to make such a claim on their behalf and (ii) the Trustee had no other option but to delegate its custody to a third party.

The use of securities in settlement systems does not constitute a delegation by the Trustee of its functions.

### **Conflicts of Interest**

From time to time conflicts may arise from the appointment by the Trustee of any of its delegates out of which may arise a conflict of interest with the fund. For example, Citibank N.A., London Branch, which has been appointed by the Trustee to act as Custodian of the scheme property, also performs certain investment operations and functions and derivatives collateral management functions delegated to it by the Investment Adviser. It is therefore possible that a conflict of interest could arise.

The Trustee will ensure that any such delegates or sub-delegates which are its affiliates are appointed on terms which are not materially less favourable to the fund than if the conflict or potential conflict had not existed. Citibank N.A., London Branch and any other delegate are required to manage any such conflict having regard to the FCA Rules and its duties to the Trustee and the Manager.

There may also be conflicts arising between the Trustee, the fund, the holders and the Manager. The Trustee is prohibited from carrying out any activities with regard to the fund unless:

- (i) The Trustee has properly identified any such potential conflict of interest;
- (ii) The Trustee has functionally and hierarchically separated the performance of the trustee and depositary tasks from other potentially conflicting tasks; and
- (iii) The potential conflicts of interest are properly managed, monitored and disclosed to the investors.

### **Delegation of safekeeping function**

Under the terms of the Depositary Agreement the Trustee has the power to delegate its safekeeping functions. The Trustee has, subject to the FCA Rules, delegated to Citibank N.A., London Branch (the "Custodian") the custody of financial instruments belonging to the Trust and other assets of the Trust entrusted to the Trustee for safekeeping. Citibank N.A., London Branch's head office and registered office is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. Citibank N.A., London Branch is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Custodian is entitled to receive reimbursement of the Custodian's fees as an expense of the fund (see "Charges" section below). The Custodian's remuneration is calculated at an ad valorem rate determined by the territory or country in which the fund's assets are held. Currently, the lowest rate is 0.0025% and the highest rate is 0.4% per annum. These charges are taken from the income generated by the fund. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £2.80 - £92.31 per transaction. Transaction charges will be taken from capital, this may result in capital erosion or constrain capital growth.

### **Re-use of Fund assets by the Trustee**

Under the Depositary Agreement the Trustee has agreed that it may re use the fund's assets with which it has been entrusted in certain circumstances where it is: (i) for the benefit of the Trust; (ii) in the interest of holders; (iii) suitable collateral arrangements are in place and (iv) the Manager has instructed such re-use.

### **Trustee's Data Protection Policy**

The Trustee's Market and Securities Services Privacy Statement details the collection, use and sharing of holders' personal information by the Trustee in connection with unitholders' investment in the fund.

The Trustee's Market and Securities Services Privacy Statement may be updated from time to time the latest version can be accessed at [https://www.citibank.com/icg/global\\_markets/uk\\_terms.jsp](https://www.citibank.com/icg/global_markets/uk_terms.jsp).

Any holder who provides the Manager and its agents with personal information about another individual (such as a joint investor), must show the Trustee's Market and Securities Services Privacy Statement to those individuals.

### **The Registrar**

The register of holders is held by SS&C Financial Services Europe Limited which was until 31 March 2020 known as DST Financial Services Europe Limited.

The register of the holders for the fund is kept and can be inspected free of charge at the offices of SS&C Financial Services Europe Limited at SS&C House, St Nicholas Lane, Basildon, Essex, SS15 5FS.

Holders have no personal right to directly enforce any rights or obligations under the terms appointing SS&C Financial Services Europe Limited.

The fees and expenses incurred by the registrar are payable out of the General Administration Charge as set out below.

### **The Auditor**

The auditor of the fund is KPMG LLP, St Vince Plaza, 319 St Vince Street, Glasgow, G2 5AS.

Under the FCA Rules, the auditor is responsible for auditing and expressing an opinion in relation to the fund's accounts on at least an annual basis (or in certain other circumstances when requested to do so by the Manager).

Holders have no personal right to directly enforce any rights or obligations under the terms appointing the auditor.

The fees and expenses incurred by the auditor are payable out of the General Administration Charge as set out below.

### **The Investment Adviser**

The Investment Adviser to the fund is abrdn Investment Management Limited (formerly known as Standard Life Investments Limited). Further details can be found on page 55.

### **The Fund**

The fund was established by a Trust Deed entered into on 6 February 2006 and is an authorised unit trust scheme which falls into the category of non-UCITS retail scheme. The authorisation order made by the FCA was dated 8 February 2006. The fund is also an alternative investment fund for the purposes of the FCA Rules. Its FCA Product Reference Number is 442759.

The base currency of the fund is Sterling.

## **Investment Objective & Policy**

### **Investment objective**

To generate income and some growth over the *long term* (5 years or more) by investing in a *diversified* range of abrdn funds.

*Performance Target:* To exceed the IA Mixed Investment 20-60% Shares *Sector Average* return over one year (after charges) and to be top *quartile* over *rolling* three year periods.

The *performance target* is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the *performance target*.

The fund targets a *yield* in excess of the income that would be delivered by a representative basket of assets (composed of 22.5% UK Equities (FTSE All-Share Index), 22.5% Global Equities (MSCI World ex UK) and 55% Sterling Bonds (ICE BofA Sterling Non Gilts).

### **Investment Policy**

#### **Portfolio Securities**

- The fund will invest at least 80% in *actively managed* abrdn funds to obtain broad *exposure* to a range of *diversified* investments.
- It may invest up to 20% in *passively managed* funds (including those managed by abrdn).
- At least 30% of the fund will be invested in *bonds* (loans to a company or government) and *cash* or *money market instruments*.
- At least in 50% of the fund will be in sterling denominated assets, or in assets for which the impact of currency movements is mitigated (hedged).
- The rest of the fund will be invested in a selection of other funds investing in assets classes such as equities (company shares) *commercial property* and funds that can use a combination of traditional assets (such as equities and *bonds*) and investment strategies based on *derivatives*.

### **Management Process**

- The management team use their discretion (*active* management) to select funds within each asset class and ensure that the strategic asset allocation (*long term* proportions in each asset class) meets the fund's objectives.
- In addition, they will take tactical asset allocations (changing *short term* proportions in each asset class) with the aim of improving returns.
- The fund will be subject to *constraints* which are intended to manage risk such as the fund must not hold more than 60% of its assets in equities. Due to the *active* nature of the management process, the fund's performance profile may deviate significantly from the IA's Mixed Investment 20-60% Shares *Sector Average*.

### **Derivatives and Techniques**

- The fund is not expected to invest in *derivatives* directly however it may invest in other funds which use *derivatives* more extensively.

### **Specific risks (for more detail see Risks below):**

**All general investment risks apply however for this fund investors should specifically be aware of the following:**

- *Credit* risk
- *Interest rate* risk
- *Equity* risk
- *Emerging Markets* risk
- *Property Liquidity* risk
- *Property Transaction Charges*
- *Property Valuation* risk
- *Money Market Instruments* risk
- *Derivatives* risk
- *High Yield Credit* risk



- Single Swinging Price – Impact on Fund Value and Performance

### **Target Market**

- Investors with basic investment knowledge.
- Investors who can accept large *short term* losses.
- Investors wanting an income and some growth over the *longer term* (5 years or more).
- The fund has specific and generic risks with a risk rating as per the *SRR* number, all detailed on the NURS-KII.
- For general sale to retail and professional investors through all distribution channels with or without professional advice.

### **Risks**

All investments involve risk. The risks of some of the funds may be comparatively high. The risk descriptions below correspond to the main risk factors for the fund. “**General Risks**” mostly apply to all funds; “**Specific Risks**” are particularly relevant where noted below the fund’s investment objective and policy. A fund could potentially be affected by risks beyond those listed for it or described here, nor are these risk descriptions themselves intended as exhaustive. Each risk is described as if for an individual fund.

A number of the risks described in this section aren’t directly applicable to the securities held by the fund. However, if the fund invests into another fund which does hold securities where the risk is applicable then this is highlighted below the fund’s investment objective and policy.

The value of investments and income from them can go down as well as up, and you might get back less than you invested.

Any of these risks could cause the fund to lose money, to perform less well than similar investments or a benchmark, to experience high volatility (ups and downs in NAV), or to fail to meet its objective over any period of time.

Statements made in this Prospectus are based on the law and practice in force at the date of this Prospectus.

Charges have the effect of reducing investment returns. Your investment must grow more than the rate of charges before you receive a positive return. A positive return is not guaranteed. Charges may reduce the value of your investment.

The fund has certain charges which are taken from capital (as set out in the “Charges” section), which may limit the growth in value of the fund. However, when charges are taken from capital, more income is generally available to distribute to unitholders.

### **General Risks**

**Commodity risk**

The value of the securities in which the fund invests may be influenced by movements in commodity prices which can be very volatile. The price of commodities may be disproportionately affected by political, economic, weather and terrorist-related activities and by changes in energy and transportation costs.

**Counterparty risk**

An entity with which the fund does business could become unwilling or unable to meet its obligations to the fund.

The bankruptcy or insolvency of a counterparty could result in delays in getting back securities or cash of the fund's that were in the possession of the counterparty. This could mean the fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce its rights, which process itself is likely to create additional costs. Various operational risks could also cause delays even if there is no inability of the counterparty to pay.

If any collateral the fund holds as protection against counterparty risk declines in value, it may not fully protect the fund against losses from counterparty risk, including lost fees and income.

**Currency risk**

Changes in currency exchange rates could reduce investment gains or increase investment losses, in some cases significantly.

Exchange rates can change rapidly and unpredictably, and it may be difficult for the fund to unwind its exposure to a given currency in time to avoid losses. Changes in exchange rates can be influenced by such factors as export-import balances, economic and political trends, governmental intervention and investor speculation.

Intervention by a central bank, such as aggressive buying or selling of currencies, changes in interest rates, restrictions on capital movements or a "de-pegging" of one currency to another, could cause abrupt or long-term changes in relative currency values.

**Inflation risk**

Over time, inflation can erode the real value of investment gains. With investments that produce low returns, inflation can negate any gains in buying power or even cause an investors net buying power to decline over time.

**Liquidity risk**

Any security could become hard to value or to sell at a desired time and price.

Liquidity risk could affect the fund's ability to repay repurchase agreement proceeds by the agreed deadline.

Certain securities may, by their nature, be hard to value or sell quickly, especially in any quantity. This may include securities that are labelled as illiquid as well as a security of any type that represents a small issue, trades infrequently, or is traded on markets that are comparatively small or that have long settlement times.

### **Management risk**

The fund's management team may be wrong in its analysis, assumptions, or projections. This includes projections concerning industry, market, economic, demographic, or other trends.

During unusual market conditions, investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

### **Market risk**

Prices and yields of many securities can change frequently, and can fall based on a wide variety of factors. Examples of these factors include:

- Political and economic news
- Government policy
- Changes in technology and business practice
- Changes in demographics, cultures and populations
- Natural or human-caused disasters
- Weather and climate patterns
- Scientific or investigative discoveries
- Costs and availability of energy, commodities and natural resources

The effects of market risk can be immediate or gradual, short term or long-term, narrow or broad.

This risk can apply to both the design and operation of computer models, and can apply whether a model is used to support human decision-making or to directly generate trading recommendations. Flaws in software programs can go undetected for long periods of time.

### **Operational risk**

The operations of the fund could be subject to human error, faulty processes or governance, or technological failures.

Operational risks may subject the fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

### **Regulatory and Government Policy**

The Laws that govern the fund may change in future. Any such changes may not be in the best interest of the fund, and may have a negative impact on the value of your investment.

### **Risks specific to investment in funds**

As with any investment fund, investing in the fund involves certain risks an investor would not face if investing in markets directly:

- The actions of other investors, in particular sudden large outflows of cash, could interfere with orderly management of the fund and cause its NAV to fall.
- The investor cannot direct or influence how money is invested while it is in the fund.
- The fund's buying and selling of investments may not be optimal for the tax efficiency of any given investor.
- The fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance; to the extent that the fund decides to register in jurisdictions that impose narrower limits, this decision could further limit its investment activities.
- Because fund units are not publicly traded, the only option for liquidation of units is generally redemption, which could be subject to any redemption policies set by the fund.
- To the extent that the fund invests in an EEA UCITS, a UK UCITS and/or any other collective investment scheme, it will have less direct knowledge of, and no control over, the decisions of the investment managers of that EEA UCITS, UK UCITS or other scheme, it could incur a second layer of investment fees (which will further erode any investment gains), and it could face liquidity risk in trying to unwind its investment in that EEA UCITS, UK UCITS or other scheme.
- The fund may not be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider's misconduct.
- To the extent that the fund conducts business with affiliates of in the abrdn group, and these affiliates (and affiliates of other service providers) do business with each other on behalf of the fund, conflicts of interest may be created (although to mitigate these, all such business dealings must be conducted on an "arm's length" basis, and all entities, and the individuals associated

with them, are subject to strict “fair dealing” policies that prohibit profiting from inside information and showing favouritism).

### **Single Swinging Price – Impact on fund value and performance**

The fund has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the fund, in order to protect investors from the effect of dilution. Dilution occurs where the fund is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the fund's published price and reported investment performance.

### **Suspension and Termination**

Investors should note that in exceptional circumstances, the Manager may, after consultation with the Depositary, suspend the issue, cancellation, sale and redemption (including switching) of units in any and all Classes.

### **Taxation risks**

A country could change its tax laws or treaties in ways that affect investors.

Tax changes potentially could be retroactive and could affect investors with no direct investment in the country.

### **Turnover**

When securities are bought and sold they incur transaction costs, which are paid for by the fund. This is known as turnover. High levels of turnover may have a negative impact on a fund's performance.

### **Specific Risks**

#### **Credit and High Yield Credit Risk**

A bond or money market security could lose value if the issuer's financial health deteriorates, or in extreme cases could go into default (cease to make timely payments of principal or interest).

This risk is greater the lower the credit quality of the debt, and the greater the fund's exposure to below investment grade bonds (also known as "High Yield bonds"). A decline in creditworthiness may also cause a bond or money market security to become more volatile and less liquid.

Bonds that are in default may become illiquid or worthless. Below investment grade bonds are considered speculative. Compared to investment grade bonds, the prices and yields of below investment grade bonds are more sensitive to economic events and more volatile, and the bonds are

less liquid. In general, lower quality bonds are more likely to default on obligations, and to be unable to repay principal if they do, particularly if they are unsecured or subordinate to other obligations.

Debt issued by governments and government-owned or -controlled entities can be subject to many risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment. Even if a government issuer is financially able to pay off its debt, investors may have little recourse should it decide to delay, discount or cancel its obligations

### **Derivative Risks**

Certain derivatives could behave unexpectedly or could expose the fund to losses that are significantly greater than the cost of the derivative. Derivatives in general are highly volatile and do not carry any voting rights. The pricing and volatility of many derivatives (especially credit default swaps) may diverge from strictly reflecting the pricing or volatility of their underlying reference(s).

In difficult market conditions, it may be impossible or unfeasible to place orders that would limit or offset the market exposure or financial losses created by certain derivatives. Using derivatives also involves costs that the fund would not otherwise incur.

Regulations may limit the fund from using derivatives in ways that might have been beneficial to the fund. Changes in tax, accounting, or securities laws could cause the value of a derivative to fall or could force the fund to terminate a derivative position under disadvantageous circumstances.

Certain derivatives, in particular futures, options, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the fund could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain.

To the extent that the fund uses derivatives to increase its net exposure to any market, rate, basket of securities or other financial reference source, fluctuations in the price of the reference source will be amplified at the fund level.

As many financial derivatives instruments have a leveraged component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. The fund is managed on a non-leveraged basis unless otherwise specified.

- **Over the counter (OTC) derivatives Risk**

Because OTC derivatives are in essence private agreements between a fund and one or more counterparties, they are regulated differently than market-traded securities. They also carry greater counterparty and liquidity risks; in particular, it may be more difficult to force a counterparty to honour

its obligations to the fund. A downgrade in the creditworthiness of a counterparty can lead to a decline in the value of OTC contracts with that counterparty. If a counterparty ceases to offer a derivative that the fund had been planning on using, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.

Because it is generally impractical for the fund to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the fund, which could leave the fund unable to operate efficiently and competitively.

- **Exchange Traded Derivatives (ETD) Risk**

While exchange-traded derivatives are generally considered lower-risk than OTC derivatives, there is still the risk that a suspension of trading in derivatives or in their underlying assets could make it impossible for a fund to realise gains or avoid losses, which in turn could cause a delay in handling redemptions of units. There is also a risk that settlement of exchange-traded derivatives through a transfer system may not happen when or as expected.

- **Short Positions Risk**

Some funds can take short positions by using derivatives. A short position will reduce in value if the security it is linked to increases in value. The opposite also applies, in that the short position will rise in value if the underlying security reduces in value.

There is no limit to the loss on a short position, and so they carry higher risk than direct investment in a security. The risk of holding short positions is mitigated by the Manager's Risk Management Policy.

## **Equity Risk**

Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than bonds or money market instruments. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value.

## **Emerging Markets Risk**

Emerging markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

Reasons for this higher level of risk include:

- Political, economic, or social instability

- Economies that are heavily reliant on particular industries, commodities, or trading partners
- High or capricious tariffs or other forms of protectionism
- Quotas, regulations, laws, or practices that place outside investors (such as the fund) at a disadvantage
- Failure to enforce laws or regulations, to provide fair or functioning mechanisms for resolving disputes or pursuing recourse, or to otherwise recognise the rights of investors as understood in developed markets
- Significant government control of businesses or intervention in markets
- Excessive fees, trading costs, taxation, or outright seizure of assets
- Inadequate reserves to cover issuer or counterparty defaults
- Incomplete, misleading, or inaccurate information about securities and their issuers
- Lack of uniform accounting, auditing and financial reporting standards
- Manipulation of market prices by large investors
- Arbitrary delays and market closures
- Market infrastructure that is unable to handle peak trading volumes
- Fraud, corruption and error

In certain countries, securities markets may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions.

To the extent that emerging markets are in different time zones from the UK the fund might not be able to react in a timely fashion to price movements that occur during hours when the fund is not open for business.

For purposes of risk, the category of emerging markets includes markets that are less developed, such as most countries in Asia, Africa, South America and Eastern Europe, as well as countries such as China, Russia and India that have successful economies but may not offer the highest levels of investor protection.

### **Interest Rate Risk**

When interest rates rise, bond values generally fall. This risk is generally greater the longer the duration of a bond investment is.



## Money-Market Instruments

The value of money-market instruments may be subject to adverse movements in extreme market conditions.

## Property Liquidity Risk

Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.

## Property Transaction Charges

Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.

## Property Valuation Risk

Property valuation risk is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.

## Single Swinging Price – Impact on fund value and performance

The fund has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the fund, in order to protect investors from the effect of dilution. Dilution occurs where the fund is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the fund's published price and reported investment performance. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.

## Historical Performance of the Fund

The following table shows the percentage growth of the fund and the historical performance data of the fund over the periods stated below.

Fund Name	Performance Category Name	Label	2023	2022	2021	2020	2019
			(%)	(%)	(%)	(%)	(%)
abrdn Dynamic Distribution Fund	Fund	Fund	7.1	- 8.9	5.9	- 2.6	11.8
	Performance Target	IA Mixed Investment 20-60% Shares Sector Average	6.9	- 9.6	6.3	3.5	12.1

Source: Morningstar and abrdn.

Basis: NAV to NAV, The above figures are based on Platform 1 Inc

The above performance figures are based on NAV to NAV prices. These performance figures are presented as a matter of historical record. Performance is determined by many factors, not just the skill of the Manager and the Investment Manager, including the general direction and *volatility* of markets and may not be repeatable. Past performance is not a guide to future rates of return. The latest performance figures may be obtained from the Manager and at [www.abrdn.com](http://www.abrdn.com). Performance information is shown for a period of five years. Where no performance data is shown, performance data does not exist for the relevant periods.

### **Individual Savings Accounts**

In accordance with the Individual Savings Account Regulations 1998 (as amended) units in the fund are eligible for investment through an ISA and the fund will be managed to satisfy the requirements laid down in these regulations in order to be eligible, for as long as these apply. The ISA Manager is abrdn Fund Managers Limited and all ISA applications should be made through abrdn Fund Managers Limited.

ISAs have certain tax advantages - they will not be subject to income or capital gains tax.

### **Units**

Each holder in the fund is entitled to participate in the property of the fund and the income thereof. The nature of the right represented by units is that of a beneficial interest under a trust. Title to the units in the fund is evidenced by entries on the register of holders for the fund. The Trust Deed provides for several classes of units which may be issued in respect of the fund, distinguished by their criteria for investment limits and fee structures.

All classes are denominated in Sterling.

### **Classes of Units**

Units in the fund may be issued in one of ten classes - Retail Accumulation Units, Retail Income Units, Institutional Accumulation Units, Institutional Income Units, Institutional Regulated Accumulation Units and ZC Accumulation Units. Institutional units are only available for larger investors within the institutional market, providers of platform services (as defined in the glossary of definitions in the FCA Rules) investing as nominee and other investors with the agreement of the Manager. Institutional Regulated Units are only available for non-individual investors who have been authorised by a relevant regulatory body. Institutional "A" Units are only available for larger investors with the agreement of the Manager. ZC Units are only available for investments made by the abrdn group of companies, other corporate legal entities promoted by them and (subject to the Manager's discretion) other institutional

investors with whom separate arrangements have been made and other investors. Please see page 61 for investment limits.

The different classes of units enable different charging structures to be levied on different holders, depending on the size and the nature of their holding.

#### Income Units

An income unit is a unit in respect of which income is distributed periodically to holders in accordance with the FCA Rules. Cash distributions of income are made in respect of income units.

#### Accumulation Units

An accumulation unit is a unit in respect of which income allocated is to be accumulated periodically in accordance with the FCA Rules. For accumulation units, no cash distributions are made and no additional units are issued. Instead, the income available for distribution is transferred to the capital property of the fund and reflected in the value of units.

Where both income and accumulation units of the same type (e.g. Retail and Institutional) are available, you can choose to invest in either of them exclusively or in whatever combination you wish.

#### Unit Prices

The units in the fund are single priced.

In respect of Retail Units and Institutional Units, the Manager will publish the most recent price of units in the fund on each business day on the website [www.abrdn.com](http://www.abrdn.com). Information on the most recent prices may also be obtained by calling the Manager on 0345 113 6966 (or +44 (0)1268 44 5488 if outwith the UK) on normal business days (Monday to Friday) between 9am and 5.30pm. The Manager will communicate the most recent price of ZC Units and Institutional Regulated Units to holders electronically.

#### Sale and Redemption of Units

The price at which units are sold and redeemed is based on the value of the scheme property of the fund (adjusted to reflect any applicable dilution adjustment) plus any preliminary charge.

The Manager will normally be available to deal in and to receive applications for the sale and redemption of units in the fund and to receive enquiries regarding the fund on any day on which banks in London are open for business other than days (as determined by the Manager in its discretion) where, in respect of any exchange or market on which a substantial portion of the fund's portfolio is traded, such exchange or market is closed ("**Dealing Days**"). The days on which banks in London are open for business which

are not Dealing Days will be available at the registered office of the Manager and on the website at [www.abrdn.com](http://www.abrdn.com). All references to "Dealing Days" in this prospectus should be read accordingly.

The FCA Rules contain provisions governing any transaction concerning a fund which is carried out by or with an "affected person", that is to say:-

- (a) the Manager;
- (b) an Associate of the Manager;
- (c) the Trustee;
- (d) an Associate of the Trustee;
- (e) any investment adviser;
- (f) an Associate of any investment adviser; and
- (g) the Auditor.

Those provisions enable an affected person to inter alia sell or deal in the sale of property to the Trustee for the account of the fund; vest property in the Trustee against the sale of units in the fund; purchase property from the Trustee acting for the account of the fund or provide services for the fund. Any such transactions with or for the fund are subject to best execution or arm's length transaction requirements as set out in the FCA Rules. Any services provided for a fund must comply with the arm's length transaction requirements.

Investment of the property of the fund may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an Associate of the Manager. Such a person may make a profit out of such dealings, although the Manager will always deal on best execution terms, and neither the Manager nor any such Associate will be liable to account for any such profit.

**NEITHER THE MANAGER NOR ANY OTHER "AFFECTED PERSON" IS UNDER OBLIGATION TO ACCOUNT TO ANOTHER AFFECTED PERSON OR TO THE UNITHOLDERS OR ANY OF THEM FOR ANY PROFIT OR BENEFIT MADE OR DERIVED IN CONNECTION WITH:**

- (a) THE DEALING IN UNITS OF THE FUND; OR**
- (b) THEIR PART IN ANY TRANSACTION FOR THE SUPPLY OF SERVICES PERMITTED BY THE FCA RULES; OR**
- (c) THEIR DEALING IN PROPERTY EQUIVALENT TO ANY OWNED BY (OR DEALT IN FOR THE ACCOUNT OF) THE TRUSTEE.**

The Manager may from time to time make an online dealing service available to holders. More information about this can be found at [www.abrdn.com](http://www.abrdn.com).

## **Market Timing**

In general, "Market Timing" refers to the investment behavior of a person or group of persons buying or selling units on the basis of predetermined market indicators. Market Timing may also be characterised

by the buying and selling of units that seem to follow a short term timing pattern or by frequent or large transactions in units. The Manager does not allow investments which are associated with Market Timing activities, as these may adversely affect the interests of all unitholders and will take active measures to prevent such practices where it has reasonable grounds to suspect these strategies are being or may be attempted. These measures may include the on-going monitoring of trading activity, the refusal of specific trading instructions and exclusion from funds.

## **Client Money**

In certain circumstances (including in relation to the buying and selling of units (see pages 29 to 31)), money in respect of units will be transferred to a client money bank account with any recognised bank or banks that the Manager may from time to time select until such transactions can be completed. Money transferred to a client money account will be held in accordance with the rules made by the FCA relating to the holding of client money. The purpose of utilising client money accounts is to protect investors should the Manager become insolvent during such a period. No interest will be paid on money held in these client money bank accounts. The Manager will not be responsible for any loss or damages suffered by holders because of any error or action taken or not taken by any third parties holding client money in accordance with the FCA's client money rules, unless the loss arises because the Manager has been negligent or acted fraudulently or in bad faith. Should the recognised bank or banks holding the client money bank account become insolvent, the Manager will attempt to recoup the money on behalf of holders. However, if the recognised bank or banks cannot repay all the persons to whom it owes money, any shortfall may have to be shared proportionally between all its creditors including holders. In this situation, holders may be eligible to claim under the Financial Services Compensation Scheme ("FSCS"). Further details of the FSCS are set out in the section headed "Financial Services Compensation Scheme" on page 60.

The Manager may, in certain circumstances permitted by the FCA's client money rules (for example if the Manager decides to transfer all or part of its business to a third party), transfer any client money held in respect of the business being transferred in accordance with the FCA's client money rules, to that third party without that investor's prior consent. On request, the third party must return any balance of client money to the investor as soon as possible. Subject to the FCA's client money rules, the sums transferred may be held by the third party in accordance with the FCA's client money rules, otherwise the Manager will exercise all due skill, care and diligence to assess whether the third party has adequate measures in place to protect holder money. The Manager will act at all times in accordance with the prevailing FCA's client money rules.

In certain circumstances, if the Manager has lost touch with an investor, the Manager will be permitted to pay the investor's client money balance to charity after six years. The Manager will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the Manager at a later date irrespective of whether the Manager has paid the money to charity.

Unless notified otherwise, all investors will be treated as retail clients.

## **Buying Units**

Investors wishing to invest in the fund can contact their usual Financial Adviser or telephone the Manager's Customer Information Team on 0345 113 6966 (or +44 (0)1268 44 5488 if outwith the UK) for information on how to invest. Applications for units can be made by sending a completed application form together with a cheque (a cheque need not be provided if paying by direct debit as below) made payable to the Manager at the address below:

abrdn Fund Managers Limited

PO Box 12233

Chelmsford

CM99 2EE

Applications for units can also be made by telephone and must be followed by sending an application form and cheque (the latter need not be provided if paying by direct debit as below) made payable to the Manager as above.

Units will be purchased on a forward pricing basis and the investor will receive the price at the next available valuation point after the Manager receives the instructions (verbal or written, as the case may be). The valuation point is 12 noon.

Following a purchase of units, a contract note detailing your account number will be issued. Units in the fund are not certificated. Accordingly, certificates will not be issued.

Once units have been purchased, the Manager will enter the name of the investor on the register. Payment for the units is due and payable to the Manager in settlement of the purchase on the fund's "Settlement Date" (as detailed below). Until payment has been passed on by the Manager to the Trustee, an investor will not have an irrevocable right of ownership in the units. Where an investor applies to invest in the fund, the Manager will hold the money received in advance of the Settlement Date on trust for the investor as client money in a segregated client money account with any recognised bank or banks that the Manager may from time to time select until the Settlement Date. No interest will be paid on money held in these client money bank accounts. In the unlikely event that the Manager were to become insolvent between the purchase of units and the Settlement Date, the money received from an investor would be protected by the FCA's client money rules. In this situation, an investor may not receive the units allocated to them pending settlement; the units may be cancelled. On an insolvency of the Manager in these circumstances the investor's right would be to the return of the money, which would be pooled with other client money.

Where payment for units is made by telegraphic transfer, the Manager will generally rely on an exemption from putting that money in a client money account. This exemption is known as the “Delivery versus Payment” or “DvP” Exemption. When relying on this exemption, the Manager may treat money which is received from an investor by telegraphic transfer as not being client money for a period of 1 business day from the time that the Manager receives the money. If the Manager still holds money received by way of telegraphic transfer beyond the Settlement Date, the Manager will, from that point, treat that money as client money as detailed in the preceding paragraph until the fund’s Settlement Date in accordance with the FCA’s client money rules.

**The registrar will on request provide holders free of charge with a written statement of the entries on the register of the fund relating to them.**

Monthly payments to purchase retail units can be made by direct debit into the fund. Direct debits will be collected on the first day of each month. If the collection date is a weekend or public holiday the direct debit will be collected on the following business day. Direct debits are subject to a minimum of £50. Units purchased by monthly payments will reflect the price on the Dealing Day following collection of your direct debit. Combinations of lump sum and monthly payments will also be accepted for retail units.

As the fund is not registered under the United States Securities Act of 1933, as amended, nor has the fund been registered under the United States Investment Company Act of 1940, as amended, its units may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to citizens or residents thereof (hereinafter referred to as “US Persons”).

Accordingly, the Manager may require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not he is, or will be, a US Person.

Please see the section headed “US Foreign Account Tax Compliance” on page 52.

The Manager has the right to reject on reasonable grounds an application for the purchase of units in whole or in part.

The Manager is not required to accept an application for the purchase of units where it considers it necessary or appropriate to carry out or complete identification procedures in relation to the applicant concerned or another person pursuant to a statutory or regulatory obligation and the Manager's requirements have not been fulfilled. The identification procedures referred to above may include an applicant's identity being verified electronically against public records by an independent agency. This will disclose whether an applicant has a credit history but will not disclose details of any borrowings an applicant may have. The applicant's credit history will show that an identification check has been carried out. This information will not be available to third parties or affect the applicant's credit rating.

Investors acting on the advice of a financial adviser will, normally, have the right to cancel any contract relating to an initial investment in the fund under the rules on cancellation contained in the Conduct of Business Sourcebook published by the FCA.

The Manager will inform the holder of any cancellation entitlement and the holder will have the option to withdraw from the contract by giving notice in writing within 30 days of the date the contract is entered into. If the holder exercises the cancellation entitlement and the price of units falls over that time, the holder may not recover the amount originally invested.

If applications for units made by telephone are not followed by payment, investors will be liable for any dealing costs incurred by the Manager.

### **Electronic Communication**

Currently, transfers of title to units may not be effected on the authority of an electronic communication.

### **Selling Units**

Holders can sell some or all of their units through their usual financial adviser or by writing to the Manager at the following address (please see below for minimum value of holdings details):

abrdn Fund Managers Limited

PO Box 12233

Chelmsford

CM99 2EE

In either case the holder's account number must be quoted and the request must be signed by the holder or all the joint holders if the units are held in joint names. Units can also be sold by telephone, on any day that the Manager is open for business, on 0345 113 6966 (or +44 (0)1268 44 5488 if outwith the UK) although the request must be confirmed in writing. Units will be sold on a forward pricing basis and the investor will receive the price at the next available valuation point after the Manager receives the instructions (verbal or written, as the case may be). The valuation point is 12 noon. On the sale of units, the register will be updated and the relevant holdings removed. Payment will be issued in accordance with the holder's instructions (by sterling cheque, to a UK bank account or by such other method as may be agreed by the Manager) not later than the Settlement Date. However, the Manager is not required to issue payment if it has not received the money due on the earlier issue of those units, or where it considers it necessary or appropriate to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory or regulatory obligation. Where payment is made by cheque the Manager will protect the payment under the FCA's client money rules from the Settlement Date until such time as the cheque is encashed. Where redemption proceeds are paid by BACS or by telegraphic transfer, typically cleared funds will be paid to the holder by the Settlement



Date. If the Manager still holds redemption proceeds beyond the Settlement Date, the Manager will, from that point, treat the money as client money until it is paid out. Notwithstanding this, the Manager may, for a period of up to 1 business day from receipt of the money from the Trustee rely on the Delivery versus Payment exemption irrespective of the payment method used.

If instructions given to sell units by telephone are not confirmed in writing, holders will be liable for any dealing costs incurred by the Manager.

Where the Manager believes that a reliable price cannot be established as at the valuation point, dealing in the fund may be suspended temporarily. See the “Suspension of Dealing” section on page 34 below for information regarding the possibility of a temporary suspension of dealing.

The Manager may at its discretion delay arranging for the issue of units until payment has been received.

If an applicant defaults in making any payment in money or a transfer of property due to the Manager in respect of the sale or issue of units, the subscription for the purchase of those units may lapse and be cancelled at the cost of the applicant or its financial intermediary. The Manager is entitled to make any necessary amendment to the register in which case the Manager will become entitled to the units in place of the applicant, (subject in the case of an issue of units to the Manager’s payment of the purchase price to the fund).

Failure to make good settlement by the Settlement Date may result in the Manager bringing an action against the applicant or its financial intermediary or deducting any costs or losses incurred by the Manager against any existing holding of the applicant in the fund. In all cases any money returnable to the investor will be held by the Manager without payment of interest pending receipt of the monies due.

## **Settlement Date**

For the fund, the Settlement Date is no later than close of business on the fourth business day following the “transaction date”. The length of time to settlement will depend on the asset or unit classes concerned and could potentially range from T+1 to T+4. (This can at times be referred to as “T + [number]” where “T” stands for “transaction date”.) The transaction date is the date on which the Manager implements an instruction to buy or sell. The Settlement Date is the date on which ownership of the units is transferred and when money passes. For the purposes of settlement “business day” shall (notwithstanding any other definition of “business day” within this Prospectus) mean any day that the London Stock Exchange is open other than a weekend day, bank holiday or any other special concessionary holiday or other day that the London Stock Exchange is not operating normal business hours.

By way of example, if an investor instructs the Manager in writing to purchase units at 09.00 on a Monday, the units will be purchased at the following valuation point (in this case 12 noon on Monday).

Monday will be the transaction date, and Thursday, on a T+3 settlement basis, would be the Settlement Date when payment for the units is due and payable.

### Deferred Redemption

The Manager may defer redemptions in times of high redemptions. For this purpose “high redemptions” are redemptions that at a valuation point on any given Dealing Day exceed 10% of the fund’s net asset value.

The ability to defer redemptions is intended to protect the interests of holders remaining in the fund and will give the Manager, in times of high redemptions, the ability to defer redemptions at a particular valuation point on a Dealing Day to the valuation point on the next Dealing Day. This is intended to allow the Manager to match the sale of scheme property to the level of redemptions. Subject to the FCA Rules and to sufficient liquidity being raised at the next valuation point all deals relating to the earlier valuation point will be completed before those relating to the later valuation point are considered.

### Minimum Value of Holdings

The following minimum values currently apply to holdings and dealings by a holder in the units of the fund:

- |     |   |   |
|-----|---|---|
| (a) | Minimum value of units which may be the subject of an initial investment (unless investing monthly in the fund)   | <p>£500 for Retail Units</p> <p>£1,000,000 for Institutional Units.</p> <p>£250,000 for Institutional Regulated Units and ZC Units.</p> |
| (b) | Minimum value of units which may be the subject of a single subsequent purchase (unless investing monthly in the fund)  | <p>£50 for Retail Units</p> <p>£50,000 for Institutional Units, Institutional Regulated Units and ZC Units.</p>                         |
| (c) | Minimum value of units which any holder may hold (unless investing monthly in the fund)   | <p>£500 for Retail Units</p> <p>£50,000 for Institutional Units, Institutional Regulated Units and ZC Units.</p>                        |
| (d) | Minimum value of units which may be the subject of a single redemption request (subject to the request not reducing the holder's holding below the minimum referred to in (c) above.) | <p>£250 for Retail Units</p> <p>£5,000 for Institutional Units, Institutional Regulated Units and ZC Units.</p>                         |

(e) Regular Monthly Payments (direct debit)

£50 for Retail Units.

The Manager may waive the above minimum requirements in any particular case prescribed by it.

Where a holder requests redemption or cancellation of units, the Manager at its discretion may, by serving a notice of election on the holder before the proceeds of the redemption or cancellation would otherwise become payable in cash, elect that the holder shall not be paid the redemption price of his units but instead there shall be a transfer to that holder of property of the fund having the appropriate value. Where such a notice is so served on a holder, the holder may serve a further notice on the Manager not later than the close of business on the fourth business day following the day of receipt by the holder of the first mentioned notice requiring the Manager, instead of arranging for a transfer of scheme property, to arrange for a sale of that property and the payment to the holder of the net proceeds of that sale. The selection of scheme property to be transferred (or sold) is made by the Manager in consultation with the Trustee, only if the Trustee has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of holders. The fund may retain out of the scheme property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any redemption charge or stamp duty (if any) to be paid in relation to the cancellation of the units.

On request, the Manager may, at its discretion, arrange for the issue of units in exchange for assets other than money, but will do so only where the Trustee has taken reasonable care to ensure that the acquisition of those assets in exchange for the units concerned is not likely to result in any material prejudice to the interests of holders. No units will be issued in exchange for assets the holding of which would be inconsistent with the investment objective of the fund.

### **Suspension of Dealing**

The Manager may, with the prior agreement of the Trustee, and must, if the Trustee so requires, suspend the issue, sale, cancellation and redemption of units in the fund if it, or the Trustee in the case of any requirement by the Trustee, is of the opinion that due to exceptional circumstances it is in the interests of holders in the fund.

In the event of a suspension of dealings, the Manager, or the Trustee in certain circumstances, will immediately inform the FCA of the suspension and the reasons for it. The Trustee will notify holders of the suspension as soon as practicable after suspension commences.

During a suspension the obligations relating to the issue, sale, cancellation and redemption of units contained in Chapter 6 of COLL will cease to apply and the Trustee must comply with as many of the obligations relating to the valuation of units as is practicable in the light of the suspension.

In accordance with Chapter 7 of COLL, suspension of dealing in units must cease as soon as practicable after the exceptional circumstances have ceased and the Manager and the Trustee must formally review the suspension at least every 28 days and inform the FCA of the results of this review.

The circumstances under which suspension of dealings may occur include, for example, those where the Manager cannot reasonably ascertain the value of the assets or realise assets of the Trust, or the closure or suspension of dealing on a relevant exchange.

Notwithstanding the above, the Manager or Trustee (as appropriate) will be required to suspend dealings in the fund, if at any time the fund invests more than 20% in units or shares of one or more funds for which dealing in those funds have been temporarily suspended. Unless, the Manager and Trustee agree that a dealing may continue where they have determined that a temporary suspension of dealings would not be in the best interests of the unitholders and have not relied solely upon making a fair value price adjustment when making that determination. During this period, the Manager and the Trustee must review their agreement to not suspend dealings at least every 14 days.

The valuation of units will commence at the valuation point (as defined in Appendix 3) on the first normal Dealing Day following the day on which the suspension ceased.

### **Mandatory Redemption of Units**

If the Manager reasonably believes that any units are owned directly or beneficially in circumstances which:

- (i) constitute a breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) or any country or territory; or
- (ii) would (or would if other units were acquired or held in like circumstances) result in the fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory),

it may give notice to the holder of such units requiring them to transfer the units to a person who is qualified or entitled to own them, or to request the redemption of the units by the Manager. If the holder does not either transfer the units to a qualified person or establish to the Manager's satisfaction that they and any person on whose behalf they hold the units are qualified and entitled to hold and own them, they will be deemed on the expiry of a thirty-day period to have requested their redemption.

### **Unit Conversions**

Holders are entitled to convert their units of one class for units of another class within the fund subject to any limitations on the issue of units.

Conversions will be effected by the Manager recording the change of class on the Register.

Conversions may not be effected by the Manager the next valuation point following receipt of instructions to convert from a holder and may be held over and processed at a subsequent valuation point or ultimately to the valuation point immediately following the end of the fund's accounting period. For further information and to discuss the timing for the completion of conversions please contact the Manager.

Conversions are not generally treated as redemptions or sales and therefore will not, on the whole, be treated as a disposal for the purposes of Capital Gains Taxation.

The Manager may, upon appropriate notice to affected holders, effect a compulsory conversion of units in one class of the fund for another class of the fund. Such compulsory conversion shall be conducted as described above in this section. A compulsory conversion will only be undertaken where the Manager reasonably considers it is fair and in the best interests of the affected holders. By way of example, the Manager may effect a compulsory conversion where the Manager reasonably believes it is fair and in the best interests of holders to reduce the number of available classes. Examples of when this compulsory conversion power will be used, include (but are not limited to): to facilitate switching holders to better value unit classes or for the consolidation of classes of unit.

## **Meetings of Holders**

The Manager or the Trustee may convene a general meeting at any time. The holders may request the convening of a general meeting by a requisition which must (a) state the objects of the meeting; (b) be dated; and (c) be signed by holders who, at that date, are registered as the holders of units representing not less than one-twentieth in value of all the units then in issue; and (d) be deposited with the Trustee.

The Manager must, by way of an extraordinary resolution, obtain prior approval from the holders for any proposed change to the fund which is a fundamental change. A fundamental change is a change or event which:

- changes the purposes or nature of the fund; or
- may materially prejudice a holder; or
- alter the risk profile of the fund; or
- introduce any new type of payment out of the scheme property.

Fundamental changes may include, for example:

- changes to any statement of policy or investment objective which has been included in the Prospectus;
- the removal of the Manager (or to determine that he be removed as soon as this is permitted by law)
- a proposed scheme of amalgamation;
- a scheme of reconstruction.

Rules for the calling and conduct of meetings of holders and the voting rights of holders at such meetings are governed by the FCA Rules. At any general meeting of holders, except where an extraordinary resolution is specifically required or permitted, any resolution is passed by simple majority. An extraordinary resolution will only be passed by not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given. If a resolution is put to the vote of the meeting, it shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, by the Trustee or by at least two holders. Unless a poll is so demanded, a declaration by the Chairman as to the result of a resolution shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

If a poll is duly demanded, it shall be taken in such a manner as the Chairman may direct. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken at such time and place as the Chairman directs. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

On a show of hands, every holder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard shall have one vote. On a poll, the voting rights attaching to each unit are such proportion of the voting rights attached to all units in issue as the price of the unit bears to the aggregate price(s) of all the units in issue at a cut-off date selected by the Manager before the notice of meeting is sent out. A person entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

A corporation being a holder may by resolution of the directors or other governing body of such corporation authorise such a person as it thinks fit to act as its representative at any meeting of holders. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders, the vote of the senior who tenders the vote (whether in person or proxy) shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register.

On a poll, votes may be given either personally or by proxy.

A vote by proxy must be deposited at such place as may be specified in the notice convening the meeting (or in any document accompanying the notice) (or if no such place is appointed then at the head office of the Manager) by the time which is at least 48 hours prior to the time of the appointed meeting.

Subject to the paragraph below, the quorum at any meeting shall be two holders present in person or by proxy.

The Manager and its Associates may hold units in the fund. They are entitled to receive notice of and attend any meeting but the Manager is not entitled to vote or be counted in the quorum and its units are not regarded as being in issue in relation to such meetings except in respect of any units which the Manager holds on behalf of, or jointly with, a person who, if himself the registered holder, would be entitled to vote and from whom the Manager has received voting instructions. An Associate of the Manager may be counted in the quorum and may vote at the meeting in respect of units held on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote, and from whom the Associate has received voting instructions.

The cut-off date for a meeting is a date selected by the Manager which must, in terms of the FCA Rules, be a reasonable time before notice is given and "holders" for the purposes of quorum and voting means the persons entered in the register at that date.

## **Modifications**

The manner in which the Manager should treat changes it is proposing to the fund is set out in the Act and the FCA Rules. The degree of materiality and the effect the proposed change would have on the fund and its holders determines the level of notification (and in some instances, approval) required:-

The Manager must obtain prior approval from the holders by way of an extraordinary resolution for any fundamental change (see "Meetings" above);

The Manager must give prior written notice of not less than sixty days to holders in respect of any proposed change to the operation of the fund which would constitute a significant change. A significant change is, in terms of the FCA Rules, a change or event which is not fundamental but which:

1. affects a holder's ability to exercise his rights in relation to his investment; or
  2. would reasonably be expected to cause the holder to reconsider his participation in the fund;
- or

3. results in any increased payments out of the Scheme Property to the Manager or his Associate;  
or
4. materially increases other types of payment out of the Scheme Property.

Significant changes may include, but are not restricted to, for example:

- a change in the method of price publication;
- a change in any operational policy

The Manager must inform holders of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the scheme. The way in which and the time at which the Manager may notify holders of any notifiable change would depend on the nature of the change or event. The Manager will, on any proposal to make a change which it deems to be notifiable, assess the proposed change in order to determine how and when the holders should be notified of the change or changes and act accordingly. A notifiable change, in terms of the FCA Rules, is a change or event, other than a fundamental change or a significant change, which a holder must be made aware of unless the Manager concludes that the change is insignificant. A notifiable change may include (but is not restricted to), for example:

- a change of named investment manager;
- a significant political event which impacts on the fund or its operation;
- a change to the time of the valuation point;
- the introduction of limited issue arrangements; or
- a change of the Trustee or a change in the name of the fund.

The circumstances causing a notifiable change may not always be in the control of the Manager.

The Manager (from time to time in consultation with the Trustee) will use and exercise its discretion in determining whether a proposed change falls within any of the fundamental, significant or notifiable categories and will act accordingly.

## **Valuation**

The property of the fund will normally be valued at 12 noon on each Dealing Day for the purpose of determining the prices at which units in the fund may (a) be purchased from, or redeemed by, the Manager and (b) issued or cancelled by the Trustee.

The Manager has the right to carry out an additional valuation of the property of the fund at any time if the Manager considers it desirable to do so or if required by the FCA Rules.



If there is more than one class of unit in issue, the proportionate interests of each class in the assets (and also the income) shall be determined by the Manager maintaining a notional account for each class. The proportionate interest in the scheme property of each class is determined on each Dealing Day to reflect the appropriate Annual Management Charge for that class of unit.

The property of the fund will be valued on the following basis:

- valuing the proportion of the assets of the fund attributable to each class of unit by reference to the latest dealing price. Where investments have different valuations depending on whether the investment is being bought or sold, their mid-market price will be used. If an investment is quoted at a single price then it is that price which will be used. Collective investment schemes are valued by reference to their net asset value. Cash is valued at its nominal value. Any other property will be valued at what the Manager considers a fair value;
- dividing the total by the number of units in issue.

For a more detailed explanation of how the property of the fund will be valued, please refer to Appendix 3.

### **Dilution Adjustment**

When the Manager buys or sells underlying investments in response to a request for subscription or redemption of units, it will generally incur a cost, made up of dealing costs and any spread between the buying and selling prices of the investment concerned.

The Manager will apply a dilution charge to prevent dilution of the fund as explained above and in the scenarios listed below. Rather than reduce the effect of dilution by making a separate charge to investors when they buy or sell units in the fund, the FCA Rules permit an Authorised Fund Manager to move the price at which units are bought or sold on any given day. The single price can be swung higher or lower at the discretion of the Manager. This price movement from the basic midmarket price is known as a 'Dilution Adjustment'. The amount of the adjustment is paid into the fund for the protection of existing/continuing unitholders. Any dilution adjustment applied is included in the price applied to the deal.

The Dilution Adjustment shall make such reasonable allowance as the Manager determines is appropriate for the typical market spread of the value of the assets of the fund and the related costs of acquisition or disposal of these assets. Where the fund invests in another fund, unit trust, an open ended investment company or any other collective investment scheme ('a collective investment vehicle'), the Manager may base the calculation of that part of the Dilution Adjustment relating to that investment on the calculation of the Dilution Adjustment on a look-through to the underlying assets of that collective investment vehicle.

The Manager's policy will be to normally impose a Dilution Adjustment where there are net inflows or outflows on any given day, exceeding a level where the estimated potential cost to the fund justifies its application.

The Dilution Adjustment may also be charged:

- (a) where the fund is in continual decline;
- (b) on the fund experiencing large levels of net sales relative to its size;
- (c) in any other case where the Manager is of the opinion that the interests of unitholders require imposition of a Dilution Adjustment.

Where a Dilution Adjustment applies to the fund at a valuation point:

- i) if there is a net investment in the fund at that valuation point, the unit price may (but will not always) be increased to allow for the rate of Dilution Adjustment; and
- ii) if there is a net divestment in the fund at the valuation point, the unit price may (but will not always) be decreased to allow for the amount of the Dilution Adjustment.

Dilution is related to the inflows and outflows of monies from the fund and, as such, it is not possible to predict accurately whether dilution will occur at any future point in time.

Consequently it is also not possible to accurately predict how frequently the Manager will need to make such a dilution adjustment. The rate of any dilution adjustment made from time to time will differ for the fund and be dependent on dealing spreads, commissions and taxes and duties arising on the purchase or sale of the scheme property of the fund. These estimated rates may differ in practice.

For illustrative purposes, the table below shows historic information on dilution adjustments to the unit price over the period 1 January 2023 to 29 December 2023.

The table below sets out recently estimated rates as at 31 December 2023.

Fund name	Estimated Dilution Adjustment (%) Applicable For Purchases	Estimated Dilution Adjustment (%) Applicable For Sales	Number Of Days On Which A Dilution Adjustment Has Been Applied
abrdn Dynamic Distribution Fund	0.06	0.13	0

The above is current practice and as such may be subject to change in the future.

## **Stamp Duty Reserve Tax**

Generally, there will be no Stamp Duty Reserve Tax ("SDRT") charge when holders surrender or redeem their units. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to SDRT may apply.

## **Accounting and income allocation dates**

The fund's annual accounting period ends on 31 March in each year with a half yearly accounting period ending on 30 September.

Notwithstanding those dates, subject to the FCA Rules the Manager may, with the agreement of the Trustee, elect that a particular annual or half-yearly accounting period shall end on a day which is not more than seven days after or before the day on which the period would otherwise end. References to the above dates and the date of the income allocation period and of publication of the annual and half yearly reports of the fund should be read accordingly.

The income allocation periods and income allocation dates for the fund are set out below. Income allocation dates are the dates, in each year, on or before which payment or accumulation of income is to be made or take place. Under the FCA Rules, the income allocation dates must be within four months of the end of the relevant accounting period (whether it is annual or interim). The dates below reflect certain of the flexibility under the FCA Rules but the Manager may distribute the income (if any) on or before these dates.

### **Income Allocation Periods**

1 January - 31 March (annual)

1 April - 30 June

1 July - 30 September

1 October - 31 December

### **Income Allocation Dates**

31 July

31 August

30 November

28 February (29 February in a leap year)

The Trustee is not required to distribute income allocated to any units in any case where the Manager or the Trustee considers it necessary or appropriate to carry out or complete identification procedures in relation to the holder concerned or another person pursuant to a statutory or regulatory obligation.

Any distribution may be paid by bank transfer ("BACS") where sufficient bank details have been provided by the holder or otherwise by cheque.

Allocation of income to holders of accumulation units will be transferred to the capital property of the fund on the first business day following the end of the income allocation period and reflected in the value of units. Distribution of income (if any) to holders of income units will be made on the income allocation dates shown above.

### **Determination of Distributable Income**

All of the net income available for distribution or accumulation at the end of the distribution period will be distributed to or accumulated for holders.

The income available for distribution or accumulation in relation to the fund is determined in accordance with the FCA Rules. Broadly it comprises all sums deemed by the Manager, after consultation with the auditors, to be in the nature of income received or receivable for the account of the fund and attributable to the fund in respect of the accounting period concerned, after deducting all payments properly paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting the auditors in accordance with the FCA Rules, in relation to taxation and other matters.

### **Unclaimed Distributions**

Any distribution payments which have not been claimed for a period of six years from the date the distribution became due for payment shall be transferred to and become part of the capital property of the fund.

## **Charges**

### **Preliminary Charge**

The FCA Rules permit the Manager to make a preliminary charge upon a sale of units to an investor. This charge, which is paid by unitholders to the Manager, is calculated as a percentage of the price of the units and included in the amount payable by the investor.

The Manager currently exercises its discretion to charge a nil preliminary charge in respect of each of the unit classes within the fund.

Should the Manager exercise its discretion to increase the preliminary charge applicable in respect of any particular unit class, it will only do so in accordance with the FCA Rules.

### **Annual Management Charge**

The Manager is entitled to receive, out of the scheme property of the fund, an annual management charge as remuneration for the services it provides to the fund (the "Annual Management Charge").

The Annual Management Charge for each class of unit is a yearly percentage rate based on the net asset value attributable to that unit class. It is calculated and accrues on a daily basis and is payable to the Manager monthly in arrears. The value of the fund (and the value attributable to each unit class)

for the purpose of the calculation is taken as at the valuation point on the previous business day, taking into account any subscriptions and/or redemptions on that day. The current Annual Management Charge for each unit class of the fund is detailed in Appendix 4 plus value added tax ("VAT") if any.

The first accrual will be in respect of the day on which the first valuation of the fund is made. The Annual Management Charge will cease to be payable in relation to the fund on the date of commencement of its termination, and in relation to the Trust as a whole on the date of the commencement of its winding up or, if earlier, the date of the termination of the Manager's appointment as such.

The Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties (plus VAT where applicable).

The Annual Management Charge may be taken from the capital of the fund or the income generated by it. Where the charge is taken from the capital of the fund, this may result in capital erosion or constrain capital growth. Where the charge is normally taken from income, but there is insufficient income to meet the charge, it will be taken from capital of the fund. The policy for allocation of these payments for the fund is set out in Appendix 4.

The Annual Management Charge may only be increased by the Manager in accordance with the FCA Rules.

### **General Administration Charge**

The Manager is entitled to be paid a fixed rate charge of 0.08%, out of the scheme property of the fund, to facilitate payment of the ongoing registration and general administration expenses of the fund (the "General Administration Charge"). This charge is calculated in the same way as the Annual Management Charge. The expenses that are payable by the Manager out of this charge are as follows:

- a) fees and expenses incurred by the Trustee (including fees and expenses payable to any professional adviser advising or assisting the Trustee);
- b) fees and expenses of the auditors;
- c) fees and expenses in respect of establishing and maintaining the register of unitholders and related functions including the fees of the registrar and distribution of income;
- d) fees and expenses in respect of fund accounting services;
- e) the cost of listing the prices of units in the fund in publications and information services selected by the Manager;
- f) the costs of printing and distributing annual, half yearly and quarterly reports and any other reports or information provided for unitholders;
- g) the fees and any proper expenses of any tax, legal or other professional advisers retained by the fund or by the Manager in relation to the fund;
- h) any costs incurred in respect of any meeting of unitholders (including meetings of unitholders in the fund or any particular unit class within the fund) convened on a requisition by holders, not including the Manager or an associate of the Manager;
- i) any costs incurred in creating or amending documentation relating to the fund including the Trust Deed, Prospectus and key investor information documents;
- j) any costs incurred in respect of meetings of unitholders and/or directors of the Manager;
- k) the cost of printing, translating and distributing material required for regulatory purposes as permitted by the FCA Rules in respect of the Trust or the fund;

l) insurance which the fund may purchase and/or maintain for the benefit of and against any liability incurred by any trustees of the fund in the performance of their duties;

m) fees of the FCA and the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which units are or may be marketed; and

n) any value added or similar tax applicable to any of the costs, charges, fees and expenses listed above.

It is the intention of the Manager to provide unitholders with certainty as to the ongoing registration and general expenses paid by the fund. The General Administration Charge is a single fixed percentage fee that does not vary month on month.

In some periods the General Administration Charge may be less than the costs actually incurred by the Manager. In these circumstances the Manager will pay the difference from its own resources. Conversely, in some periods the General Administration Charge may be more than the costs actually incurred by the Manager. In these circumstances the Manager will retain the difference.

The Manager will regularly review the General Administration Charge. Should the underlying fees and expenses that make up the General Administration Charge reduce or increase, the Manager may increase or decrease the General Administration Charge where it reasonably considers this to be appropriate.

In the event of any changes to the General Administration Charge, the Manager will notify unitholders in writing in accordance with the FCA's requirements under the FCA Rules. For example:

a) before increasing the General Administration Charge, the Manager will give unitholders at least 60-days prior notice in writing; or

b) when decreasing the General Administration Charge, the Manager will give notice of (which may be before or after the decrease in the General Administration Charge becomes effective) utilising an appropriate method of communication as specified in the FCA Rules, such as notice on the website and in the next report and accounts of the fund.

The Manager may from time to time subsidise costs incurred by the fund or unit class to keep the costs of the fund in line with the published estimated Ongoing Charges Figure or for any other reason as the Manager may in its sole discretion determine. Details of the Ongoing Charges Figure for the previous reporting period can be found in the report and accounts of the fund or the Key Investor Information Document.

The Manager currently pays for all or part of the General Administration Charge for the Retail Units of the fund.

The General Administration Charge may be taken from the capital of the fund or the income generated by it. Where the charge is taken from the capital of the fund, this may result in capital erosion or constrain capital growth. Where the charge is normally taken from income, but there is insufficient income to meet the charge, it will be taken from capital of the fund. The policy for allocation of these payments is applied consistently with the allocation policy for the Annual Management Charge and is set out for the fund in Appendix 4.

## **Other Fees and Expenses**

The fund may pay out of the scheme property of the fund, the following charges and expenses:

a) fees and expenses incurred by the Custodian (as set out in "Trustee and Depositary" section);

- b) dilution levy/adjustment, broker commission, fiscal charges (including stamp duty, asset spread, other transactional costs) any other disbursements which are necessarily incurred in effecting transactions;
- c) any amount payable by the Fund under any indemnity provisions contained in the Trust Deed or any agreement with any functionary of the fund;
- d) liabilities on transfer of assets arising and payable as specified in 6.7.15 R of the FCA Rules, (if applicable);
- e) all charges and expenses incurred in connection with the collection of income and collateral management services;
- f) correspondent and other banking charges;
- g) litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect unitholders' interests;
- h) taxation and other duties payable in respect of the scheme property or on the issue or redemption of units;
- i) any fees, dilution levy/adjustment, transactional costs and expenses in relation to, and expenses incurred in the holding of, an investment in another third-party collective investment scheme;
- j) interest on and other charges relating to permitted borrowings;
- k) benchmark licence fees and royalty fees incurred for the use of any index names;;
- l) any fees and expenditure incurred in relation to the immovable property;
- m) any value added or similar tax applicable to any of the other payments in this section; and
- n) any other charges or expenses which may be taken out of the scheme property in accordance with the FCA Rules.

Please note it is currently anticipated the above charges and expenses will normally be taken from the income generated by the fund, unless otherwise stated, and with the exception of fees b), c) and d) which will be taken from the capital of the fund.

In all cases, where there is insufficient income to meet the charge or it would not be appropriate in respect of the type of fee or expense to charge to income, then charge may then be taken from the capital of the fund. Where the charge is taken from the capital of the fund, this may result in capital erosion or constrain capital growth.

### **Dealing Charge**

The Manager makes an additional charge to Institutional "S" Units in respect of dealing activities it has in connection with these units. This dealing charge is payable out of the scheme property. The charge is calculated, accrued and paid on the same basis as the Annual Management Charge. The current rate of the dealing charge is 0.03% per annum (plus Value Added tax (if any)) of the net asset value of the unit class.

The Manager may not increase any charge it takes from the scheme property unless it does so in accordance with the FCA Rules.

### **Winding up the Fund**

The fund will be wound up and terminated on the occurrence of any of the following events:-

1. The Authorisation Order declaring the fund to be an authorised unit trust is revoked;
2. The passing of an extraordinary resolution winding up the fund (provided the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee);
3. The Manager or the Trustee requests the FCA to revoke the Order under s.256 of the Act subject to there being no material change in any relevant factor that, on the conclusion of the winding up the FCA will agree to that request;
4. The expiration of any period specified in the Trust Deed as the period at the end of which the fund is to be wound up; or
5. The effective date of a scheme of arrangement which is to result in the fund being left with no property.

The Procedure to be followed in a winding-up of the fund is that laid down by the FCA Rules, which currently provide as follows:

- (i) Where the FCA has determined to revoke the order declaring the fund to be an authorised unit trust scheme following the passing of an extraordinary resolution approving a scheme of arrangement the Trustee shall wind up the fund in accordance with that resolution on the terms of the approved scheme.
- (ii) In any other case the Trustee shall, once the fund falls to be wound up, realise the property of the fund, and after paying thereout or retaining adequate provision for all liabilities properly so payable and retaining provision for the costs of the winding-up, distribute the proceeds of that realisation to the holders and the Manager proportionately to their respective interests in the fund as at the date of the relevant event. Where the Trustee and one or more holders agree, the requirement to realise the property of the fund shall not apply to that part of the property proportionate to the entitlement of that or those holders, and the Trustee may distribute that part of the Scheme Property in the form of property, after making such adjustments or retaining such provision as appears to the Trustee appropriate for ensuring that that or those holders bear a proportional share of the liabilities and costs.
- (iii) Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after the expiration of one year from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain thereout any expenses properly incurred by him relating to that payment.

The Trustee is under no obligation to distribute the realisation proceeds to any holder where the Manager or the Trustee considers it necessary or appropriate to carry out or complete identification procedures.



On completion of the winding up, where the order declaring the fund to be an authorised unit trust scheme has not been revoked, the Trustee shall notify the FCA in writing of that fact and at the same time the Manager or Trustee shall request the FCA to revoke the Authorisation Order.

## **Taxation of the Fund**

**The following statements are intended as a general guide only, are based upon the UK law and HM Revenue & Customs practice currently in force. Tax rules may change and this section may be subject to change.**

### **Capital Gains Tax**

As the fund is an authorised unit trust scheme, it is not normally liable to corporation tax on their capital gains arising from the disposal of investments.

### **Corporation Tax**

The fund is liable to Corporation Tax on its taxable income net of management expenses as if it was a company resident in the UK but at the basic rate at which income tax is charged, which is currently 20%.

Dividends received by the fund from a UK or overseas company are generally exempt from UK Corporation Tax. Other sources of income, for example bank deposit interest are, however, liable to Corporation Tax.

Income and gains received by the fund in respect of investments located outside the UK may be subject to non-recoverable overseas tax. Where overseas withholding tax has been suffered on income, it may be possible to offset such tax against UK corporation tax liabilities as double tax relief.

Stamp duty and other transfer taxes including financial transaction taxes may be incurred on the purchase, sale, transfer or any other financial transaction involving investments located in the UK or outside the UK.

Certain EU member states have implemented financial transaction tax regimes. A number of EU member states have proposed introducing a wider financial transaction tax in future.

If the fund invests more than 60% of its market value in cash, gilts, corporate bonds and similar assets, rather than equities, at all times during a distribution period, it may pay interest distributions. The gross interest distribution is relievable as an expense against income of the fund.

Depending on the underlying investments the fund may fluctuate between being considered an equity fund paying dividend distributions and a bond fund paying interest distributions.

Where the fund holds an investment in any other UK or offshore fund that during the fund's accounting period is invested directly or indirectly (through similar funds or derivatives) primarily in cash, gilts,

corporate bonds and similar assets any amounts accounted for as income will be taxed as income of the fund for the period concerned. In addition any dividends paid by such funds will be taxed as interest income.

Where the fund holds an interest in an offshore fund that has not been certified by HM Revenue & Customs as a distributing or reporting fund, the fund will not be exempt from tax on gains realised on disposal of the interest in the offshore fund.

### **Taxation of Individual Investors**

**The following statements are intended to offer some guidance and relate only to the position of investors who are UK resident individuals and are beneficial owners of their units. This summary should not be regarded as definitive and prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling units.**

#### **Capital Gains Tax**

A liability to Capital Gains Tax may arise when an investor disposes of units.

However a liability to Capital Gains Tax will not arise unless the total of an investor's realised taxable gains from all disposals of assets less allowable losses in a tax year exceeds the annual exemption. If gains in excess of this annual exemption are realised the excess is taxable at 10% where the investor is a basic rate taxpayer or 20% where the investor is a higher rate or additional rate taxpayer. Trustees may have different exemptions and tax rates from individuals. Investors should contact a professional adviser in respect of their own position.

The capital gain in respect of a disposal of units is the value of the units at the time of disposal less the total of the following:

- (a) the cost of acquiring the units less any equalisation received as detailed in the section headed Income Equalisation (below);
- (b) in the case of accumulation units only, all reinvested distributions during the period units have been held.

#### **Income Tax**

On the specified allocation dates each eligible investor becomes entitled to a distribution of any income. The distribution is treated as income for tax purposes regardless of the fact that the units may be accumulation units. With each distribution we will send each investor a tax voucher showing the amount of income to which they are entitled, the nature of the distribution and related tax. Notes printed on the tax voucher indicate how the amount should be reflected in the investor's tax return.

- Distributions paid may be either dividend distributions or interest distributions, depending on the nature of the income of the fund.

- Dividend income in excess of the taxpayer's annual Dividend Allowance will be taxed at a rate on dividends which is dependent on the investors Income Tax band.
- UK taxpayers are liable to tax on an interest distribution at income tax rates which is dependent on the investors Income Tax band subject to the personal savings allowance detailed below.

The UK's personal savings allowance exempts some interest income, including amounts taxable as interest, received or deemed to be received by UK resident individuals, from tax in the hands of basic rate taxpayers. The exempt amount is reduced for higher rate taxpayers and additional rate taxpayers will not receive an allowance.

**Investors should contact a professional adviser if they require any more information or advice regarding their own personal circumstances.**

### **Taxation of Corporate Investors**

**The following statements are intended to offer some guidance and relate to the position of UK resident corporate bodies which hold units as investments and are the beneficial owners of their units. This summary should not be regarded as definitive and prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling units.**

### **Distributions from the Fund**

Distributions paid may be either dividend distributions or interest distributions, depending on the nature of the income of the fund.

Dividend distributions received by UK resident corporate bodies have to be split into that part which relates to dividend income of the fund and that part which relates to other income of the fund. The part relating to dividend income of the fund is not liable to tax in the hands of the investor unless the distribution is paid in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies. The part relating to other income of the fund is taxable as if it were an annual payment in the hands of the investor and is subject to Corporation Tax. This part of the income is deemed to be received net of an Income Tax deduction of 20% which can be reclaimed or offset against the investor's liability to Corporation Tax.

The fund may receive income net of foreign tax and may offset this foreign tax against its UK tax liability. In these circumstances a corresponding element of the other income part of the dividend distribution and related Income Tax credit will be treated respectively as foreign income received and foreign tax paid by the corporate investor. The foreign tax paid can be used to reduce the investor's liability to Corporation Tax on the foreign income.

Interest distributions are taxable in the hands of the investor as interest income.

A fund fails to satisfy the "qualifying investments" test at any time when more than 60% of its assets by market value comprise cash, gilts, corporate bonds and similar assets. If a fund fails to satisfy the "qualifying investments" test at any time in an accounting period it will be treated for corporation tax

purposes as within the loan relationships regime with the result that all returns on the units in respect of the UK resident corporate bodies' accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a person who acquires units in such a fund may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of units (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of units).

It is the investor's responsibility to claim any repayment due or to settle any tax due directly with their own tax office.

### **Profits on disposal of units**

Any profits arising on the disposal of units by a UK resident corporate investor may be subject to Corporation Tax on chargeable gains except where the fund does not satisfy the qualifying investments test set out at section 493 of the Corporation Tax Act 2009.

The chargeable gain arising in respect of a disposal of units is the value of the units at the time of disposal less the total of the following:

- (a) the cost of acquiring the units less any equalisation received as detailed in the section headed Income Equalisation (below);
- (b) in the case of accumulation units only, all reinvested distributions during the period units have been held;
- (c) an indexation factor, based on increases in the Retail Price Index during the period units have been held.

Certain types of corporate investor (e.g. life insurance companies) are subject to special tax rules which may take precedence over the general rules summarised above.

**Investors should contact a professional adviser if they require any more information or advice regarding their own personal circumstances.**

### **Income Equalisation**

Income Equalisation is permitted by the Trust Deed. The price of any unit is based on the value of its entitlement in the fund, including its entitlement to income of the fund since the previous income allocation period (the Income Allocation Periods are detailed on page 42). In respect of the first income allocation after an acquisition of units (known, from the date of acquisition to the end of the income allocation period, as Group 2 units, all other units being known as Group 1 units), part of the amount, the equalisation payment, is treated as a return of capital and is not liable to Income Tax. It must be deducted from the cost of the units for the purposes of calculating any gains.

Income equalisation is calculated on a day by day basis and is averaged over the Group 2 units issued or sold during the income allocation period.

## **US Foreign Account Tax Compliance**

Due to US tax legislation, the Foreign Account Tax Compliance Act ("FATCA"), which can affect financial institutions such as the fund, the fund may need to disclose the name, address, taxpayer identification number and investment information relating to certain US investors who fall within the definition of Specified US Person in FATCA that own, directly or indirectly, an interest in certain entities, as well as certain other information relating to such interest, to HM Revenue & Customs, who will in turn exchange this information with the Internal Revenue Service of the United States of America. The UK has entered into an inter-governmental agreement ("IGA") with the US to facilitate FATCA Compliance. Under this IGA, FATCA Compliance will be enforced under UK tax legislation and reporting.

While the Manager shall use reasonable endeavours to cause the Manager to avoid the imposition of US federal withholding tax under FATCA, the extent to which the Manager is able to do so and report to HM Revenue & Customs will depend on each affected unitholder in the fund providing the fund or its delegate with any information that the fund determines is necessary to satisfy such obligations. The 30% withholding tax regime could apply if there is a failure by unitholders to provide certain required information.

By signing the application form to subscribe for units in the fund, each affected unitholder is agreeing to provide such information upon request from the fund or its delegate. If the required information is not provided to us, information about an investor's unitholding may be passed to HM Revenue & Customs in order to be passed on to other tax authorities including the IRS. The fund may exercise its right to completely redeem the holding of an affected unitholder (at any time upon any or no notice) if he fails to provide the fund with the information the fund requests to satisfy its obligations under FATCA.

## **Other Reporting to Tax Authorities**

The UK and a number of other jurisdictions have also agreed to enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") published by the Organisation for Economic Co-operation and Development ("OECD"). This allows for the automatic exchange of financial information between tax authorities. These agreements and arrangements, as transposed into UK law, may require the fund, as a UK Financial Institution, (or the Manager on its behalf) to provide certain information to HM Revenue & Customs about investors from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities). The information that may be exchanged includes (but is not limited to) name, address, date of birth, taxpayer identification number and investment information.

In light of the above, holders in the fund and, in some cases their financial intermediaries, may be required to provide certain information (including personal information) to the Manager to enable it to comply with the terms of the UK law. If the required information is not provided to us, information about

an investor's unitholding may be passed to HM Revenue and Customs in order to be passed to other tax authorities. Where a holder fails to provide any requested information (regardless of the consequences), the Manager reserves the right to take any action and/or pursue all remedies at its disposal to avoid any resulting sanctions including, without limitation, compulsory redemption or withdrawal of the holder concerned.

## **Benchmarks Regulation**

The Benchmark Regulation requires the Manager to ensure, unless otherwise disclosed in this Prospectus, the indices or benchmarks utilised by the fund are, as at the date of this Prospectus, provided by an administrator that is listed on the register of benchmarks and administrators maintained by the FCA, as required by the Benchmark Regulation.

The Manager has adopted a written plan setting out actions, which it will take with respect to the fund in the event that an index or benchmark materially changes or ceases to be provided, in accordance with the Benchmark Regulation. Copies of the descriptions of this plan may be accessed, free of charge, upon request, from the Manager.

## **General Information**

Copies of the Trust Deed (and of any deed supplementary thereto) and the most recent Manager's annual and half-yearly reports and prospectus are available for inspection free of charge during normal business days (Monday - Friday) between 9am and 5pm at the Manager's Registered Office at 280 Bishopsgate, , London, EC2M 4AG. Copies of the Trust Deed and most recent annual and half-yearly reports of the fund and current prospectus may also be obtained from the Manager at the above address on request, subject in the case of the Trust Deed, to a charge of £5.00 per copy.

## **Fund Report and Accounts**

The annual report in respect of the fund will be published in long form within four months of the annual accounting date (currently the publication date is 31 July). The half yearly accounting period ends on 30 September and half-yearly reports in long form will be made up to such date each year and published within two months (currently the publication date is 30 November). The accounts contained in the annual and half yearly reports will be prepared in accordance with the FCA Rules and the Statement of Recommended Practice for Financial Statements of Authorised Funds (published from time to time). Copies of the long report and accounts will be available on request. A copy of the latest annual or half-yearly report will be provided free of charge on the request of any person eligible to invest in the fund before the conclusion of any sale.

The annual and half-yearly reports of the fund will include a portfolio statement setting out the investments of the fund at the end of the period to which the report relates. The annual report of the fund will also include certain disclosures of information, such as the current risk profile, any changes to the maximum level of leverage and any new arrangements for managing liquidity in relation to the fund, which the Manager is required to provide to holders on a periodic basis under 3.2.5 R and 3.2.6 R of the Investment Funds Sourcebook.

### **Investment Powers, Restrictions and Conditions**

The investment powers of the Manager are contained in the FCA Rules. The property of the fund will be managed with the aim of achieving the investment objective of the fund but subject always to the limits of investment set out in COLL 5.6 R and the Trust Deed, as applicable. The general investment powers as they apply to a non-UCITS retail scheme are set out in Appendix 1. Subject to these, the following supplemental restrictions and conditions apply:-

#### **Cash**

The fund will hold cash and near cash in pursuit of its investment objective and to enable redemption of units when it may reasonably be regarded as necessary. It is anticipated that normally no more than 10% in value of the fund 's assets will be held in cash or near cash at any one time however, it may rise above this from time to time.

#### **Warrants**

Notwithstanding the provisions of the FCA Rules, not more than 5% of the fund 's assets may be invested in transferable securities which are warrants. Call options are not deemed to be warrants for the purposes of this 5% restriction.

#### **Derivatives**

**The investment objective and policy of the fund (as set out in the Section titled 'Objective and Investment Policy') explains how derivatives will be used for the fund. The fund may use derivatives in accordance with the FCA Rules for the purposes of efficient portfolio management (including hedging). It is not envisaged that their use would affect the risk profile of the fund. If anything, derivatives would be used to reduce an element of risk.**

#### **Units in Collective Investment Schemes**

**The fund's investment policy permits investment predominantly in units of collective investment schemes.** Subject to the FCA Rules, the scheme property will include units in one or more collective investment schemes which are managed or operated by the Manager or an Associate (as defined for the purposes of the FCA Rules) of the Manager, or (in the case of any such collective investment scheme which is an investment company with variable capital) in relation to which the Manager or its Associate is the authorised corporate director.

#### **Borrowing**

The Manager has the right to exercise the full powers as set out in the FCA Rules in relation to borrowing as and when the Manager considers that the circumstances make it appropriate to do so.

### **Immoveable Property**

Notwithstanding the provisions of the FCA Rules, the fund will not invest directly in immoveable property.

### **Gold**

Notwithstanding the provisions of the FCA Rules, the fund may not invest in gold.

### **Eligible Markets**

The Manager may deal through any market in the UK or an EEA State which is regulated, operates regularly and is open to the public. In addition, the Manager may deal through any other eligible market being a market which the Manager, after consultation with and notification to the Trustee, has decided to choose as one which is appropriate for the purpose of investment of or dealing in the property of the fund. Any such market must operate regularly, be regulated, recognised, be open to the public, be adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to or to the order of investors. A list of the eligible markets is set out in Appendix 2. An eligible market may be added to this list in accordance with the FCA Rules.

### **Investment Adviser**

The Manager has entered into an Investment Management Agreement with abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) ('abrdn Investment Management'). abrdn Investment Management is the Investment Adviser to the fund.

abrdn Investment Management was incorporated as a private limited liability company under the Companies Acts on 27 February 1990 in Scotland (Registered Number 123321). Its Registered Office is at 1 George Street, Edinburgh, EH2 2LL. It has an issued fully paid up share capital of £34,440,000.

abrdn Investment Management is a subsidiary of abrdn plc. Its principal activity is investment management business. It is authorised to carry on investment business in the UK by virtue of it being authorised and regulated by the FCA.

The Investment Management Agreement reflects the requirements of the FCA Rules relating to termination and otherwise can be terminated on not less than 3 months' notice.

abrdn Investment Management has full authority to make all investment decisions on behalf of the Manager concerning the property of the fund which is managed by it.



The Investment Management Agreement gives abrdn Investment Management the discretion to appoint, at its own cost, specialist asset management companies from within and outwith the Abdrn Group as investment managers in order to benefit from their expertise and experience.

The Manager also employs abrdn Investment Management to perform certain activities involving valuation, pricing, dealing and other back office functions. abrdn Investment Management is permitted to sub-delegate these functions to other persons.

The Manager discharges, at its own expense out of the aggregate revenue received by it out of the fund, the fees of the Investment Adviser (both in respect of acting as investment adviser and in respect of its other functions) for its services.

Holders have no personal right to directly enforce any rights or obligations under the Investment Management Agreement.

### **Transfer Agency**

The Manager has appointed SS&C Financial Services Europe Limited ("SS&C Europe") and SS&C Financial Services International Limited which was until 31 March 2020 known as DST Financial Services International Limited (together "SS&C") to provide the services of a transfer agent.

These services include processing applications for the sale and redemption of units, the servicing of certain investor requests and enquiries and other administration services relating to the fund.

The Manager discharges, at its own expense out of the aggregate revenue received by it out of the fund, the fees of SS&C.

Holders have no personal right to directly enforce any rights or obligations under the terms appointing SS&C.

### **Marketing Services**

The Manager has delegated the drawing up of marketing literature to abrdn Investment Management Limited.

The Manager discharges, at its own expense out of the aggregate revenue received by it out of the fund, the fees of abrdn Investment Management Limited.

### **Conflicts of Duty or Interest**

The Manager and the Investment Adviser may, from time to time, act as investment managers or advisers to other collective investment schemes (or sub-funds thereof or to other persons), which follow

similar investment objectives, policies or strategies to those of the fund. It is therefore possible that either of those parties may in the course of its business have potential conflicts of duty or interest with the fund. Each of the Manager and the Investment Adviser will, however, have regard in such event to their respective obligations under the FCA Rules, Trust Deed, the Investment Management Agreement, or other agreement and, in particular, having regard to their obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

From time to time conflicts of interest may arise from the appointment by the Trustee of any of its delegates. For example, Citibank N.A., London Branch, which has been appointed by the Trustee to act as custodian of the fund's assets, also performs certain investment operations and functions and derivatives collateral management functions delegated to it by the Investment Adviser. It is therefore possible that a conflict of interest could arise. Citibank N.A., London Branch and any other delegates are required to manage any such conflict having regard to the FCA Rules and its duties to the Trustee and the Investment Adviser.

### **Additional Information**

Holders will be contacted by post at their last known address held on the register for the service of any notice or documents in respect of a holder meeting or any such matter of which a holder should be notified.

A holder is not liable to make any further payment after he has paid the purchase price of his units in full and no further liability can be imposed on him in accordance with the FCA Rules.

The information in this prospectus is based on the Manager's understanding of the current law and practice at the date of publication. It does not set out to give specific legal or tax advice.

Words and expressions which are defined in the Act or in the FCA Rules have the same meanings where they are used in this prospectus (except where inconsistent with the context) and any references to any statute or statutory instrument or other regulation shall be deemed to include a reference to such statute, or statutory instrument, or other regulation, as from time to time amended and to any codifications, consolidation or re-enactment thereof, as from time to time in force.

Any person relying on this prospectus, which is current at the date shown on the cover of this prospectus, should first check with the Manager that this is the most current version and that no revisions or corrections have been made since this version was issued.

### **Liquidity Management Policy**

In accordance with the FCA Rules, the Manager has in place a liquidity management policy to monitor and ensure that the fund has sufficient liquidity taking into account its investment objective, liquidity

profile and the redemption rights of holders. The policy requires the Manager to ensure that appropriate levels of liquidity are held within the fund on a day-to-day basis with any unusual trends or areas of high risk being escalated for further investigation and analysis, including appropriate stress testing. On a quarterly basis the Manager undertakes a detailed review of the policy with an assessment being presented to the Manager's board of directors. For more information on the redemption rights of holders please refer to the section under the headings "Selling Units" on page 31 and "Suspension of Dealing" on page 34.

### **Order Execution Policy**

The Manager is responsible for the portfolio management of the scheme property and, as such, is subject to the FCA Rules. These require all managers to meet the requirements relating to best execution when carrying out portfolio management activity for the funds which it manages.

In view of this, the Manager is required to have an order execution policy in place detailing how it will act in line with the best interests of the fund and to take all reasonable steps to obtain the best possible result, when it directly executes an order, places an order with, or transmits an order to, another entity for execution. A copy of the Manager's order execution policy will be provided free of charge on the request of any holder in the fund.

### **Voting Rights Strategy**

In accordance with the FCA Rules, the Manager must develop strategies for determining when and how voting rights of assets held within the fund are to be exercised. A copy of the Manager's voting rights strategy will be provided free of charge on the request of any holder in the fund. Details of the actions which the Manager has taken on the basis of its voting rights strategy are also available upon request.

### **Jurisdiction, Recognition and Enforcement of Judgments**

The investment by unitholders in the fund is governed by the law of Scotland.

A number of legal instruments provide for the recognition and enforcement of foreign judgments in Scotland. The following list (which is not, and does not purport to be, an exhaustive list of all the relevant legal instruments) sets out some of the principal legal instruments:

- the Civil Jurisdiction and Judgments Act 1982 – this act provides for the recognition and enforcement in Scotland, in accordance with the terms of the act, of judgments between Scotland, England & Wales and Northern Ireland; this act (as amended by the Private International Law (Implementation of Agreements) Act 2020) also provides for the Hague Convention on Choice of Court Agreements to have the force of law in Scotland and as a result provides for the recognition

and enforcement in Scotland, in accordance with the terms of the act, of judgments given in a foreign state that is a contracting party to that Convention; and

- the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 – these acts provide for the recognition and enforcement in Scotland, in accordance with the terms of the acts, of judgments given in certain foreign states specified in statutory instruments made under the acts, including Australia, the Bahamas, Bermuda, Canada, Jersey, Kenya, India, New Zealand, Nigeria and Pakistan.

If a foreign judgment does not fall within the scope of one of these instruments (or any other instrument not listed above), it may nevertheless be enforceable under the common law of Scotland.

### **Treating Customers Fairly**

The Manager, as a firm that is authorised and regulated by the FCA, is required to pay due regard to the interests of its customers and treat them fairly. Breaching this principle would make the Manager liable to disciplinary sanctions by the FCA.

The Manager may, from time to time, give preferential treatment to a particular holder or class of holders such as the right to obtain more detailed information on the performance of the fund than is ordinarily made available to holders. The Manager does not give preferential treatment or the right to obtain preferential treatment to any holder that creates an overall material disadvantage to other holders.

### **Complaints**

In the event of an investor having a complaint, they should write to the Manager marked for the attention of the Complaints Team at PO Box 12233, Chelmsford CM99 2EE setting out the grounds for the complaint. Alternatively, you can also make a complaint by:

Telephone: 0345 113 6966 (+44 1268 445488 from overseas)

Fax: 0330 123 3580

All complaints will be investigated and, unless the complaint is resolved to the satisfaction of the complainant within eight weeks after its receipt by the Manager, the complainant in most cases will have a right to refer the complaint to the Financial Ombudsman Service.

The Manager's complaint handling procedure will be available by writing to the above address.

The Financial Ombudsman Service will normally only consider your complaint after having given the Manager the opportunity to resolve the complaint to the satisfaction of the customer.

The address for the Financial Ombudsman Service is:

Financial Ombudsman

Exchange Tower

London

E14 9SR

Alternatively, you can contact the Financial Ombudsman Service by:

Telephone: 0800 023 4567 or from outside the UK +44 20 7964 0500

E-mail: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

### **Financial Services Compensation Scheme**

The Manager is covered by the FSCS, which means if the Manager becomes insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Further information about compensation arrangements is available from the Manager on request or from the FSCS at:

The Financial Services Compensation Scheme

10th Floor

Beaufort House

15 St Botolph Street

London EC3A 7QU

Telephone: 0800 678 1100 or 020 7741 4100

Website: [www.fscs.org.uk](http://www.fscs.org.uk)

## **Appendix 1**

### **Investment Powers and Restrictions**

Except as otherwise indicated in this prospectus under the heading "Investment Powers, Restrictions and Conditions" on page 54, the property of the fund may be invested in any investments in which the property of a non-UCITS retail scheme is permitted to be invested in, by the FCA Rules, but not otherwise.

The following is a summary of the investment limits under the FCA Rules which apply to a non-UCITS retail scheme:-

1. The property of a non-UCITS retail scheme may except where otherwise provided for in COLL 5.6 R, consist of any one or more of:-
  - transferable securities;
  - money-market instruments;
  - units in collective investment schemes (see 15 below);
  - derivatives and forward transactions;
  - deposits (see 11 below);
  - immoveables (see 18 to 25 below); and
  - gold (see 12 below).

Transferable securities, including warrants, and money-market instruments must, subject to 2 and 3 below, (i)(a) be admitted to or dealt in on an eligible market, (i)(b) be recently issued transferable securities provided the terms of the issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue, (i)(c) be approved money-market instruments (as defined for the purposes of the FCA Rules) not admitted to or dealt in on an eligible market provided certain requirements of the FCA Rules are satisfied and, subject to a limit of 20% in value of the scheme property be transferable securities which are not within (i) above or money-market instruments which are liquid and have a value which can be determined accurately at any time.

2. Not more than 20% in value of the scheme property may consist of transferable securities which are not within 1(i) above.
3. Not more than 20% in value of the scheme property may consist of money-market instruments which are not liquid nor which have a value which can be determined accurately at any time.
4. The limitations in 5 to 8 do not apply in respect of transferable securities or approved money-market instruments issued by the UK or an EEA State, a local authority of the UK or an EEA State, a non-EEA State or a public international body to which the UK or one or more EEA States belong.
5. Not more than 20% in value of the scheme property may consist of deposits with a single body.
6. Not more than 10% in value of the scheme property may consist of transferable securities or money-market instruments issued by any single body, except that (i) the figure of 10% may be increased to 25% in value of the scheme property in respect of covered bonds; and (ii) the figure of 10% may be increased to 20% in value of the scheme property in shares and debentures which are issued by the same body where the aim of the investment policy of that scheme is to replicate the performance or composition of an index (which index must have a sufficiently diverse composition, be representative of a benchmark for the market to which it

refers and be published in an appropriate manner). Where justified by exceptional market conditions and in respect of one body only, the figure of 20% may be increased to 35%.

7. The exposure to any one counterparty in an over the counter (OTC) derivative transaction must not exceed 10% in value of the scheme property. For the purposes of calculating the limit in this paragraph 7,

(1) the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets certain conditions specified in the FCA Rules; and

(2) OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with certain conditions set out in the UK CRR and are based on legally binding agreements.

In applying this paragraph, all derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is: (a) backed by an appropriate performance guarantee; and (b) is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

8. Subject to 15 below up to 35% in value of the scheme property may consist of the units of any one scheme.
9. Up to 35% in value of the scheme property may be invested in transferable securities or approved money-market instruments issued by any one body which is the UK or an EEA State, a local authority of the UK or an EEA State, non-EEA State or a public international body to which the UK or one or more EEA States belong, in which case there is no limit on the amount which may be invested in such securities or instruments or in any one issue.
10. More than 35% in value of the scheme property can be invested in transferable securities or approved money-market instruments issued by any one body which is the UK or an EEA State, a local authority of the UK or an EEA State, non-EEA State or a public international body to which the UK or one or more EEA States belong provided that (a) the manager has before any such investment is made consulted with the trustee and as a result considers that the issuer of such securities or instruments is one which is appropriate in accordance with the investment objective of the trust; (b) no more than 30% in value of the scheme property of that trust consists of such securities or instruments of any one issue; (c) the scheme property of that trust includes such securities or instruments issued by that or another issuer of at least six different issues; and (d) certain details have been disclosed in the prospectus.
11. A non-UCITS retail scheme may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and mature in no more than twelve months.
12. Not more than 10% in value of the scheme property may include gold.
13. In and for the purposes of 6, 9 and 10 above, "issue", "issued" and "issuer" include "guarantee", "guaranteed" and "guarantor" and an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

#### **NIL AND PARTLY PAID SECURITIES**

14. Nil or partly paid securities are only eligible for investment provided it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the scheme, at the time when payment is required, without contravening the rules of Chapter 5 of COLL.

#### **UNITS IN COLLECTIVE INVESTMENT SCHEMES**

15. A non-UCITS retail scheme must not invest in units in a collective investment scheme unless that other scheme (1) (a) is a UK UCITS or an EEA UCITS; or (b) a non-UCITS retail scheme;

or (c) is a recognised scheme (as defined in the FCA Rules); or (d) is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or (e) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested; (2) operates on the principle of the prudent spread of risk; (3) is prohibited from having more than 15% in value of the property of its scheme property consisting of units in collective investment schemes; and (4) the participants must be entitled to have their units redeemed in accordance with the scheme at a price (a) related to the net value of the property to which the units relate and (b) determined in accordance with the scheme.

16. A non-UCITS retail scheme may invest in another collective investment scheme managed or operated by, or which has as its authorised corporate director, the manager or an associate of the manager provided that certain provisions of the FCA Rules regarding investment in such scheme are complied with.

## DERIVATIVES AND FORWARD TRANSACTIONS

17. Only certain types of derivatives and forward transactions can be effected for a non-UCITS retail scheme, namely:-

- transactions in approved derivatives (i.e. traded or dealt in on an eligible derivatives market); and
- permitted over the counter transactions in derivatives.

The underlying must consist of any or all of the following (to which the scheme is dedicated): transferable securities; permitted money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; financial indices (which satisfy the criteria in COLL 5.2.20 A R); interest rates; foreign exchange rates and currencies. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause the non-UCITS retail scheme to diverge from its stated investment objective and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money-market instruments, collective investment scheme units or derivatives.

Any forward transaction must be with an eligible institution or an Approved Bank.

Where a non-UCITS retail scheme invests in derivatives, the exposure to the underlying assets must not exceed the limits in points 5 to 9 above.

Where a transferable security or money-market instrument embeds a derivative this must be taken into account for the purposes of complying with the limits.

Subject to the manager taking account of the requirements of COLL 5.6.3 R, where the fund invests in an index-based derivative, the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7 R and COLL 5.6.8 R provided the relevant index falls within COLL 5.6.23 R.

A derivative or forward transaction which will or could lead to the delivery of property for the account of a non-UCITS retail scheme may be entered into only if such property can be held for the account of such trust and the manager having taken reasonable care determines that delivery of the property under the transaction will not occur and will not lead to a breach of the FCA Rules.

Except in relation to deposits, no agreement by the manager on behalf of the trust to dispose of property or rights may be made unless the obligation (and any other similar obligation) could immediately be honoured by delivery of the property or the assignment (or, in Scotland, assignation) of rights and the property and rights are owned on behalf of the trust at the time of the agreement.



A transaction in an over the counter derivative must be (1) with an approved counterparty (namely an eligible institution, an Approved Bank, a person whose permission, as published in the Financial Services register, permits it to enter into the transaction as principal off-exchange), a CCP (as defined in the FCA Rules) that is authorised in that capacity for the purposes of EMIR (as defined in the FCA Rules), a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR or, to the extent not already covered above, a CCP supervised in a jurisdiction that: (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the UK; and (ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019; (2) on approved terms (i.e. the manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at a its fair value); (3) capable of reliable valuation (i.e. if the manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy on the basis of an up-to-date market value which the manager and the trustee have agreed is reliable or (if this is not available) on the basis of a pricing model which the manager and the trustee have agreed uses an adequate recognised methodology); and (4) subject to verifiable valuation (i.e. if throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty at an adequate frequency in such a way that the manager is able to check it, or by a department within the manager which is independent from the department managing the scheme property and which is adequately equipped for such a purpose).

For the purposes of the above, "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.

#### **Cover for transactions in derivatives and forward transactions**

Investment in derivatives and forward transactions may be made as long as the exposure to which the fund is committed by that transaction itself is suitably covered from within the scheme property of the fund. The fund is required to hold scheme property sufficient in value or amount to match the exposure arising from a derivative obligation to which the fund is committed. In other words, the exposure must be covered "globally". The Manager must ensure that the global exposure relating to derivatives and forward transactions do not exceed the net value of the scheme property of the fund.

#### **PROPERTY**

18. Subject to 19 below, up to 100% of the scheme property of a non-UCITS retail scheme may be held in property (for these purposes land or building ("immoveable")) provided that the immoveable is (1) situated in a country or territory identified in the prospectus; and (2) if situated in England and Wales or Northern Ireland is a freehold or leasehold interest or if situated in Scotland is any interest or estate in or over land or heritable right including a long lease or if situated outwith England, Wales, Northern Ireland or Scotland is equivalent to any of those interests above (or, if no such equivalent interest is available in the jurisdiction, is an interest that grants beneficial ownership of the immoveable to the scheme and provides as good a title as any of the interests above); and (3) the manager must have taken reasonable care to determine that the title to the immoveable is a good and marketable title; and (4) the manager must have received a report from an appropriate valuer containing a valuation of the immoveable (with and without any relevant subsisting mortgage) and either a statement that in his opinion the immoveable, if acquired by the scheme, would be capable of being disposed of reasonably quickly at that valuation or that the immoveable is adjacent to or in the vicinity of another immoveable included in the scheme property or is another legal interest (see (3) above) in an immoveable already included in the scheme property (both of which for the purposes of the investment limits within COLL 5.6 R are to be regarded as one immoveable) and that in his opinion the total value of both immoveables would at least equal the sum of the price payable

for the immovable and the existing value of the other immovable; and (5) that an immovable must be (a) bought or be agreed by enforceable contract to be bought within six months after the receipt of the report of the appropriate valuer; (b) not be bought if it is apparent to the manager that the appropriate valuer's report could no longer be reasonably relied upon; and (c) not be bought at more than 105% of the valuation for the relevant immovable in the appropriate valuer's report.

19. Not more than 15% in value of the scheme property of a non-UCITS retail scheme is to consist of any one immovable. Immovables which are adjacent to or in the vicinity of one another, or which are different legal interests in one immovable, shall be regarded as one immovable for this purpose. The figure of 15% may be increased to 25% once the immovable has been included in the scheme property.
20. The scheme property may be invested in an intermediate holding vehicle or a series of intermediate holding vehicles for the purpose of holding overseas immovable property.
21. Not more than 20% in value of the scheme property of a non-UCITS retail scheme is to consist of mortgaged immovables and any mortgage must not secure more than 100% of the value provided by the appropriate valuer (on the assumption that the immovable is not mortgaged).
22. The aggregate value of:
  - (a) mortgages secured on immovables secured under paragraph 21 above;
  - (b) borrowing of the scheme; and
  - (c) any transferable securities that are not approved securities;
 must not at any time exceed 20% of the value of the scheme property.
23. Not more than 50% in value of the scheme property of a non-UCITS retail scheme may consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment.
24. The income receivable from any one group in any accounting period must not be attributable to immovables comprising more than 25% (which figure may be increased to 35% in the case of a government or public body) of the value of the scheme property of a non-UCITS retail scheme.
25. No option may be granted to a third party to buy any immovable comprised in the scheme property of a non-UCITS retail scheme unless the value of the relevant immovable does not exceed 20% of the value of the scheme property (together with, where appropriate, the value of units in unregulated collective investment schemes and any transferable securities which are not approved securities).

## **STOCK LENDING**

26. The trustee may, acting in accordance with the instructions of the manager, enter into repo contracts and certain stock lending transactions. Such transactions must comply with the requirements of the FCA Rules which state, inter alia that:-
  - all the terms of the agreement under which securities are to be reacquired by the trustee are in a form which is acceptable to the trustee and are in accordance with good practice;
  - the counterparty is for the purposes of the Act:
    - an authorised person; or
    - a person authorised by a home state regulator; or

- a person registered as a broker or dealer with the Securities and Exchange Commission of the United States of America, or certain banks or bank branches as permitted by the FCA Rules; and
- high quality and liquid collateral is obtained to secure the obligation of the counterparty and the collateral is acceptable to the trustee; is adequate in terms of the FCA Rules and is sufficiently immediate (i.e. that it can be transferred before or at the time of the transfer of the securities by the trustee or the trustee takes reasonable care to determine before or at the time of transfer the collateral will be transferred at the latest by the close of business on the day of the transfer).

Such transactions must comply with the relevant requirements of the Taxation of Chargeable Gains Act 1992 together with the requirements of the FCA Rules.

**Note:** The Trustee will not enter into repo contracts for the fund nor deal with counterparties who are not authorised persons or persons authorised by a home state regulator.

**The fund does not currently engage in stock lending.**

## **UNDERWRITING PLACINGS**

27. Agreements and understandings with regard to the underwriting and sub-underwriting or the acceptance of placing commitments may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of a non-UCITS retail scheme.

## **LIQUIDITY**

28. The scheme property of a non-UCITS retail scheme may consist of cash and near cash as may reasonably be regarded as necessary to enable the pursuit of the trust's investment objectives; or the redemption of units; or the efficient management of a trust in accordance with its objectives; or other purposes which may reasonably be regarded as ancillary to the investment objective of the trust.

## **BORROWING**

29. The trustee may, in accordance with the FCA Rules, and on the instruction of the manager, subject to any restrictions in the trust deed borrow from eligible institutions or approved banks (both as defined in the FCA Rules) on the terms that the borrowing is repayable out of the property of the scheme property within the limits prescribed in the FCA Rules from time to time.

The FCA Rules currently provide that the manager must ensure that the borrowing of a trust which is a type of non-UCITS retail scheme must not, on any business day, exceed 10% of the value of the property of that trust. These restrictions on the trustee's borrowing powers do not apply to a back-to-back borrowing for currency hedging purposes.

## **LEVERAGE**

30. The term "leverage" is defined in the FCA Rules as any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The Manager has, in accordance with the FCA Rules, set the maximum level of leverage which the fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of scheme property resulting from fluctuations in the value of assets in which it invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the fund while the "commitment" method takes into account netting or hedging arrangements put in place.

The maximum level of exposure to be employed by the Manager on behalf of the fund, calculated in accordance with the "gross" method, is 300% (3:1).

The maximum level of exposure to be employed by the Manager on behalf of the fund, calculated in accordance with the "commitment" method, is 200% (2:1).

Typical types and sources of leverage which the fund employs include: (i) borrowing cash; and (ii) the use of derivatives. For information on the associated risks with these types and sources of leverage please refer to the section under the heading "Risks" on page 16.

## **RISK MANAGEMENT**

**The Manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a scheme's positions and their contribution to the overall risk profile of the scheme. Before using this process in connection with derivatives and forwards positions, the manager will notify the FCA of the relevant details of the risk management process.**

## Appendix 2

### Eligible Markets

All abrdn UK collective investment scheme funds may invest in transferable securities through eligible markets, as defined in COLL, subject to their investment policy. These include (but are not limited to) securities markets established in the United Kingdom or in an EEA State on which transferable securities admitted to official listing in the United Kingdom or an EEA State are dealt in or traded (approved securities).

In addition, up to 10% in value of any fund may be invested in transferable securities which are not approved securities.

The fund may also deal through the securities and derivatives markets indicated below subject to their investment objective and policy.

A market may be added to each of the lists below in accordance with the FCA Rules.

#### ELIGIBLE SECURITIES MARKETS

Argentina	Buenos Aires Stock Exchange
Australia	Australian Securities Exchange (ASX Limited)
Bangladesh	Dhaka Stock Exchange
Bermuda	Bermuda Stock Exchange
Brazil	BM & F BOVESPA S.A.
Canada	Toronto Stock Exchange
Chile	Santiago Stock Exchange & Bolsa Electronica de Chile (SSE)
China	Shanghai Stock Exchange (SSE)  Shenzen Stock Exchange (SZSE)  Bond Connect  Stock Connect
Colombia	Bolsa de Valores de Colombia (BVC)
Dominican Republic	Dominican Republic Securities Exchange
Egypt	Egyptian Exchange
Ghana	Ghana Stock Exchange (GSE)
Guernsey	Channel Islands Securities Exchange

Hong Kong	Hong Kong Exchanges (HKEx)
India	Bombay Stock Exchange National Stock Exchange of India
Indonesia	Indonesia Stock Exchange (Bursa Efek Indonesia)
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange  Osaka Securities Exchange Nagoya Stock Exchange  Sapporo Securities Exchange  JASDAQ Securities Exchange
Kenya	Nairobi Securities Exchange
Kuwait	Kuwait Stock Exchange
Malaysia	Bursa Malaysia BHD
Mexico	Mexican Stock Exchange (Bolsa Mexicana de Valores)
Morocco	Casablanca Stock Exchange
New Zealand	New Zealand Stock Market (NZSX/NZX)
Nigeria	Nigeria – Nigerian Stock Exchange (NSE)
Oman	Muscat Securities Market (MSM)
Pakistan	Pakistan Stock Exchange
Peru	Lima Stock Exchange (Bolsa de Valores de Lima)
Philippines	Philippine Stock Exchange
Qatar	Qatar Stock Exchange
Russia	Moscow Stock Exchange  Moscow Interbank Currency Exchange (MICE)  Russian Trading System (RTS)  Saint Petersburg Stock Exchange

	MICEX  MICEX - RTS
Saudi Arabia	Tadawul Stock Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	The JSE Securities Exchange
South Korea	KOSDAQ  Korea Stock Exchange
Sri Lanka	Colombo Stock Exchange
Switzerland	Switzerland SIX Swiss Exchange  SwissAtMid
Taiwan	Taiwan Stock Exchange (TWSE)  Taipei Exchange (TPEX)
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange (Borsa Istanbul)
Uganda	Uganda Securities Exchange
United Arab Emirates Abu Dhabi	Abu Dhabi Securities Exchange
United Arab Emirates Dubai	Dubai Financial Market  NASDAQ Dubai Limited
Uruguay	Montevideo Stock Exchange
United States of America	New York Stock Exchange NYSE Arca NYSE American NYSE Chicago NYSE National Nasdaq

	Nasdaq BX Nasdaq PSX CBOE BZX CBOE BYX CBOE EDGX CBOE EDGA Investors Exchange MEMX Long Term Stock Exchange (LTSE) MIAX
Vietnam	Hanoi Stock Exchange  Ho Chi Minh Stock Exchange

#### ELIGIBLE DERIVATIVES MARKETS

Countries	ETD	OTC
Australia	Australian Securities Exchange	LCH  EUREX  ICE
Austria	Austrian Futures and Options Exchange	
Belgium	Euronext Derivatives - Brussels	
Brazil	Bolsa De Mercadorias & Futuros (BMF)	
Canada	Montreal Exchange Inc	LCH  EUREX  ICE
Denmark	OMX Nordic Exchange Copenhagen	
EU/EEA (General)	Eurex	LCH  EUREX



		ICE
Hong Kong	Hong Kong Futures Exchange Limited	
Italy	Borsa Italiana (IDEM)	
Japan	Osaka Exchange	
Korea	Korea Exchange	
Mexico	Bolsa Mexicana de Valores Mercado Mexicano de Deriva Mercado Mexicano de Deriva	
Netherlands	Euronext Derivatives Amsterdam	
Singapore	Singapore Exchange	
South Africa	The South African Futures Exchange	
Spain	MEFF Renta Variable Madrid	
Sweden	OMX Nordic Exchange Stockholm	LCH EUREX ICE
Taiwan	Taiwan Futures Exchange Hong Kong Futures Exchange Limited Singapore Exchange	
UK	ICE Futures Europe	LCH EUREX CME ICE

USA	CME Group (Chicago Mercantile Exchange) CBOT Group (Chicago Board of Trade) ICE Futures US	LCH CME ICE
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## **Appendix 3**

### **Valuations**

#### **General**

Each unit linked to the fund represents, in microcosm the overall property of the fund: so valuation of units in the fund is achieved, in broad outline, by valuing the property in the fund, and dividing that value by the number of units in existence.

#### **Valuations**

Valuations are normally made at 12 noon ('the valuation point') on each normal Dealing Day (see 'Valuation' on page 40).

The calculation of prices of units commences at or about the valuation point on each Dealing Day. The Manager may carry out additional valuations in accordance with the FCA Rules if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings (see page 34). The Manager is required to notify the unit price to the Trustee on completion of each valuation.

The property of the fund is valued on the following basis:

1. Transferable securities are valued:
  - (a) if a single price for buying and selling the security is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, the average of the two prices; or
  - (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the Manager's best estimate of the value of the security, at a value which, in the opinion of the Manager, is fair and reasonable.
2. Collective investment schemes are valued:
  - (a) if a single price for buying and selling units or shares is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial or preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
  - (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the Manager's best estimate of the value of the units or shares, at a value which, in the opinion of the Manager, is fair and reasonable.
3. Any other property will be valued at what the Manager considers a fair and reasonable mid-market price.
4. Cash and amounts held in current, deposit and margin accounts and other time-related deposits are valued at their nominal value.

5. Approved money-market instruments which have a residual maturity of less than three months and have no specific sensitivity to market parameters, including credit risk, shall be valued on an amortised cost basis.
6. Exchange-traded derivative contracts will be valued:
  - (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the average of the two prices.
7. Over-the-counter derivative contracts shall be valued on the basis of an up-to-date market valuation which the Manager and the Trustee have agreed is reliable or if this is not available, on the basis of a pricing model which the Manager and the Trustee have agreed.
8. In valuing assets, any fiscal or other charges paid or payable on the acquisition or disposal of the asset are excluded.
9. Deductions are made for anticipated tax liabilities, for an estimated amount of other liabilities payable out of the property of the fund and for outstanding borrowing together with accrued but unpaid interest.
10. Amounts are added in respect of estimated, recoverable tax and any other amounts due to be paid into the fund, including interest accrued or deemed to accrue.
11. Currencies or values in currencies other than base currency of the fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of holders or potential holders of units.

For the above purposes, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

In circumstances where the accuracy of the securities data supplied by the vendor employed by the Manager for such purposes is in question, or there is a failure on the part of the vendor's data delivery system, the Manager's data collection system, or the communication between the two, the Manager reserves the right to make use of validated market indices for pricing purposes. This method of pricing known as Indexation would be used in the pricing of the fund until such time as the Manager is satisfied that the accuracy of the data received from the vendor is no longer in question, or until restoration of the relevant delivery or collection system, or the communication between the two.

## Appendix 4

### Annual Management Charge

The following table shows the current rate of Annual Management Charge for each unit class of the fund.

The Annual Management Charge is taken from the capital of the fund or the income generated by it. Where the charge is normally taken from income of the fund, but there is insufficient income to meet this charge, it will be taken from capital of the fund. Where the charge is taken from the capital of the fund, this may result in capital erosion or constrain capital growth.

Retail Units	Institutional Units	Institutional Regulated Units	ZC Units	Charge deducted from capital or income
1.2%	0.65%	0.3%	0%	Capital

