

Changes to the abrdn Asian Opportunities Fund (ARSN 106 201 236, APIR EQI0028AU) from 12 August 2022

abrdn views Environmental, Social and Governance (ESG) considerations as fundamental to how we invest. We believe that ESG factors are financially material and can meaningfully impact an asset's performance, and that an asset's ability to sustainably generate returns for investors is dependent on its ability to manage its relationship with the environment, its relationship with society and stakeholders, and on the way it is governed.

It is our belief that a full and thorough understanding of ESG factors allows us to make better investment decisions, leading to better outcomes for our clients. This begins with rigorous research. We undertake thorough due diligence before we invest, considering material ESG risks and opportunities alongside other financial metrics. We seek to understand whether an asset is adequately managing those risks, and whether the market has understood and priced them accordingly.

At abrdn, we're committed to continuously reviewing our range of Funds to ensure they continue to meet client requirements.

In recent years, there has been a clear increase in client focus on Environmental, Social and Governance ('ESG') issues and wider sustainability. As we continue to evolve, we are excited to advise that we are making changes to the abrdn Asian Opportunities Fund ('the Fund') to reflect this approach.

On 12 August 2022 the Fund strategy will evolve to become a sustainable Asian equity strategy. The name of the fund will also change to abrdn Sustainable Asian Opportunities Fund.

From this date the Fund will utilise our Sustainable Equity Investment philosophy and approach to invest primarily in a concentrated portfolio of around 35-70 Asian (excluding Japan) listed companies with the potential for capital growth and increased earning potential. The fund will screen out a greater number of securities with the highest ESG risks via abrdn's ESG House Score along with quantitative and qualitative inputs.

The objective of the Fund will be updated to reflect the focus on sustainable investing: *To provide investors with high capital growth over the medium to long term (3-5 years) by seeking exposure to the Asian markets (other than the Japan market), adjusted to take into account certain ESG (Environmental, Social and Governance) considerations.*

The changes are summarised in this letter, which should be reviewed and kept for future reference. Other information about our Sustainable Equity Approach is outlined below.

The changes will be incorporated in the forthcoming Product Disclosure Statement (PDS) for the Fund dated on or around 12 August 2022. We encourage you to read the PDS, which can be viewed or downloaded from our website, ardn.com/au from 12 August 2022. Alternatively, you can request that the PDS be sent to you.

What action do unitholders in the Fund need to take?

You are not required to take any action as a result of receiving this letter. However, it is important that you understand what the changes mean and how they will affect your investment in the Fund.

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This letter should not be taken as advice and does not take into account your personal financial situation, objectives or needs. Before making a decision about whether or not to remain invested, we strongly recommend that you seek advice from a financial adviser.

What do the Sustainable equity strategies seek to deliver?

Our Sustainable equity strategies seek to generate strong long-term performance by allocating capital to companies which demonstrate that they are sustainable leaders and improvers versus their peers, through their management of ESG risks and opportunities.

Our Sustainable equity portfolios contain high-quality companies that have been identified through our bottom-up equity research process which takes into consideration the sustainability of the business in its broadest sense and the company's ESG performance. Within our equity investment process, every company that we invest in is given a proprietary overall Quality rating and a component of this is the ESG Quality rating which enables portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, portfolio managers also use our proprietary ESG House Score to identify and exclude those companies exposed to the highest ESG risks within high and medium risk sectors. Finally, for this Fund, binary and norms-based exclusions are applied to exclude particular areas of investment.

The Fund will not invest in companies which have a revenue contribution:

- of 5% or more from tobacco wholesale trading
- from tobacco manufacturers
- of 5% or more from gambling
- of 5% or more from unconventional oil and gas extraction or are investing in new unconventional extraction capacity in their own operations
- from thermal coal extraction
- from the manufacture or sale of conventional weapons or weapons support systems

In addition, the Fund will not invest in companies which:

- have failed to uphold one or more principles of the UN Global Compact
- are involved in controversial weapons covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, depleted uranium ammunition and blinding lasers
- are primarily involved in conventional oil and gas extraction and do not have a significant revenue contribution (at least 40%) from natural gas or renewable alternatives
- are directly involved in electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario
- are directly investing in new thermal coal or nuclear electricity generation capacity in their own operations

The Fund will target a weighted average carbon intensity at least 20% lower than the benchmark for the Fund¹. The Fund will continue to be managed by abrdn Asset Management (Asia) Limited based in Singapore.

What is the new fund strategy?

The Fund aims to generate strong long-term total returns by investing primarily in equities and equity-related securities of companies listed, incorporated or domiciled in Asia countries (excluding Japan) or companies that derive a significant proportion of their revenues or profits from Asia countries (excluding Japan) operations; or have significant proportion of their assets there.

¹ as measured by the abrdn Carbon Footprint tool (which uses Trucost data for Scope 1&2 emissions).

The Fund is actively managed. The Fund aims to outperform the MSCI All Countries Asia Accumulation Index (ex Japan) (AUD Unhedged) benchmark before fees and costs.

The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Fund will take positions whose weightings diverge from the benchmark and may invest in securities which are not included in the benchmark. The investments of the Fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active and sustainable nature of the management process, the Fund's performance profile may deviate significantly from that of the benchmark.

Investment in all equity and equity-related securities will follow abrdn's Sustainable Equity Investment Approach".

Through the application of this approach the Fund targets an ESG rating that is equal to or better than the benchmark, and a lower carbon intensity, of at least 20% lower than the benchmark.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and focus investment in sustainable leaders and improvers. Sustainable leaders are viewed as companies with the best in class ESG credentials or products and services which address global environmental and societal challenges, whilst improvers are typically companies with average governance, ESG management practices and disclosure with potential for improvement.

To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact Weapons, Tobacco, Gambling, Thermal Coal, Oil & Gas and Electricity Generation. More detail on this overall process is captured within the Fund's Investment Approach', which is published at www.abrdn.com/au under 'Fund Centre'.

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

The Investment Approach reduces the benchmark investable universe by a minimum of 20%.

As is currently the case, there is no guarantee that the investment objective of the Fund will be achieved or that capital will be maintained over the short or long term.

Portfolio Rebalancing

There will be an associated cost impact of rebalancing the portfolios, albeit this will be minimal. Such costs will be borne by each Fund. Please note that the Fund will fully transition to the new investment strategy as soon as practical however is not expected to exceed 1 month from the effective date (Rebalancing Period). Investors should be aware that during the Rebalancing Period, The Fund may not fully adhere to the new strategy during this brief period.

What benefits does the new fund strategy offer investors?

In addition to the benefits offered by the current fund strategy (including investors having access to investment professionals who are part of a globally integrated network with global research capabilities, and income distributions typically paid half-yearly), the new fund strategy should benefit investors seeking medium to long term capital growth with some income through investment in Asian (excluding Japan) listed securities, while reducing exposure to the long term risks associated with ESG factors and companies which fail to meet recognised sustainability standards while seeking improvement in business practices / approach through targeted engagement.

What are the risks of the new fund strategy?

All investments carry risk. Different strategies carry different levels of risk depending on the assets that make up the strategy. There are a number of significant risks that investors must understand. Please refer to the PDS for more information regarding the significant risks of the Fund.

Do the changes affect the Standard Risk Measure for the Fund?

The Standard Risk Measure² for the Fund (currently '7 – Very High') does not change as a result of the changes.

Can unitholders withdraw from the Fund?

Unitholders can withdraw from the Fund at any time in accordance with the withdrawal instructions detailed in the current PDS for the Fund. Normal transaction costs (i.e. a current sell spread of 0.28%) will be payable by the unitholder and is subject to change.

What are the tax consequences of withdrawing from the Fund?

A withdrawal of units from the Fund is a tax event.

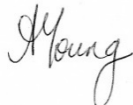
We recommend that you speak with your financial adviser or tax adviser, as this letter has not taken into account your personal financial situation, objectives or needs.

Enquiries

Should you have any questions or require further information, please contact our Client Service team on 1800 636 888 (Australian investors toll free) or +61 2 9950 2853 (if calling from outside Australia).

Alternatively, you may wish to email us at client.service.aust@abrdn.com

Yours sincerely



Amanda Young
Head of Client Services – Australia
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2. The Standard Risk Measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure should not be considered personal advice. Investors should regularly review their investment decision with their financial adviser. Please refer to the PDS that will be available on our website www.abrdn.com/au.