

**THIS DOCUMENT IS IMPORTANT AND REQUIRES  
YOUR IMMEDIATE ATTENTION**

If you are in any doubt about the contents of this Document you should consult a person authorised under the Financial Services and Markets Act 2000 to advise on investments of the type referred to in this Document such as your usual financial adviser, tax adviser or accountant.

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**INFORMATION AND NOTICE OF MEETING  
TO SHAREHOLDERS IN RELATION TO**

**A PROPOSED  
SCHEME OF ARRANGEMENT**

**FOR THE MERGER OF**

**abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I  
(an open-ended investment company governed by Scots law and authorised by the  
Financial Conduct Authority as a UCITS Scheme)**

**WITH**

**abrdn UK Smaller Companies Fund, a sub-fund of abrdn OEIC II  
(an open-ended investment company governed by Scots law and authorised by the  
Financial Conduct Authority as a UCITS Scheme)**

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**Dated: 27 April 2023**

This Document contains a Notice of Meeting of Shareholders of abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I.

**If you wish to appoint a proxy for voting at the Meeting of Shareholders, as more particularly detailed hereafter, you are requested to complete and return the enclosed Form of Proxy to abrdn Fund Managers Limited either electronically to [abrdn@castavote.co.uk](mailto:abrdn@castavote.co.uk) or in the prepaid envelope provided. You may also complete the Form of Proxy online by accessing the following url <https://castavote.online/abrdn/> by using your investor reference number and unique pin, where applicable, provided in the covering letter, in accordance with the instructions provided online. If you opt for online voting you do not need to send us the enclosed Form of Proxy.**

Please note that the Forms of Proxy, in any medium, must be received by abrdn Fund Managers Limited no later than 9.00 am on 22 May 2023, but we recommend that you complete and return these as soon as possible.

## **Glossary**

<b>abrdn ISA</b>	an individual saving account of which the ACD is the plan manager;
<b>ACD</b>	abrdn Fund Managers Limited, the authorised corporate director and authorised fund manager of each of the Merging Fund and the Continuing Fund;
<b>Auditor</b>	KPMG LLP;
<b>Class</b>	any class of Shares of a Fund;
<b>Continuing Fund</b>	abrdn UK Smaller Companies Fund, a sub-fund of abrdn OEIC II;
<b>Continuing Fund Value</b>	the value of the property of the Continuing Fund calculated in accordance with the Instrument of Incorporation of the Continuing Fund based on the valuation of the scheme property at 12.00 noon on 23 June 2023;
<b>Depository</b>	Citibank UK Limited, the depository of each of the Merging Fund and the Continuing Fund;
<b>Document/Circular</b>	this circular letter, including each of the Appendices;
<b>Effective Date</b>	the effective date of the Merger under the Scheme of Arrangement (expected to be Friday 23 June 2023) or such other time and/or date as may be agreed in accordance with the Scheme of Arrangement;
<b>Extraordinary Resolution</b>	the resolution set out in the notice of meeting contained in Appendix 6 to this Document;
<b>FCA</b>	the Financial Conduct Authority, or such other governmental, statutory or other authority or authorities as shall from time to time be the appropriate financial services regulator in the UK;
<b>FCA Rules</b>	the FCA Handbook of Rules and Guidance as amended or re-enacted from time to time, including the rules contained in the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook;
<b>Funds</b>	the Merging Fund and the Continuing Fund, and “Fund” shall mean such one of them as the context requires;

<b>Group 2 Shares</b>	in respect of a distribution period, Shares purchased during such distribution period and which are held at close of business at the end of such distribution period;
<b>Instrument of Incorporation</b>	in respect of a Fund, the instrument constituting and governing the Fund;
<b>KIID</b>	Key Investor Information Document;
<b>Meeting</b>	the extraordinary general meeting of Shareholders of the Merging Fund convened by way of the notice of meeting contained in Appendix 6;
<b>Merger</b>	the merger of the Merging Fund with the Continuing Fund to be carried out by the Scheme of Arrangement in accordance with the FCA Rules;
<b>Merging Fund</b>	abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I;
<b>Merging Fund Value</b>	the value of the property of the Merging Fund calculated in accordance with the Instrument of Incorporation of the Merging Fund based on the valuation of the scheme property at 12.00 noon on 23 June 2023, as adjusted to include any income allocated to accumulation Shares in the Merging Fund in respect of the period ending immediately before the Effective Date less (i) any income to be distributed to Shareholders of income Shares in the Merging Fund in respect of the period ending immediately before the Effective Date; and (ii) the Retained Amount;
<b>New Shares</b>	Shares in the Continuing Fund to be issued under the Scheme of Arrangement;
<b>Illiquid Assets</b>	assets of the Merging Fund that cannot be transferred to the Continuing Fund or easily and readily sold as at the Effective Date, including but not limited to, on account of international sanction(s) or suspension of trading or liquidation and whose value has been written down to zero;
<b>Retained Amount</b>	an amount estimated, by the ACD (after consultation with the Depositary) as being necessary to meet the actual and contingent liabilities of the Merging Fund, and which is to be retained by the Depositary for the purpose of discharging those liabilities;

<b>Retained Claim</b>	any existing action or other legal proceedings or step (whether by way of a claim, legal proceedings, execution of judgment, arbitration or otherwise) in respect of scheme property which is held within the Merging Fund or to which the Merging Fund is a party, and in respect of which the concerned scheme property will, at the ACD's discretion, be retained within or by the Merging Fund as at the Effective Date, and not transferred to the Continuing Fund;
<b>Scheme of Arrangement</b>	the scheme of arrangement, which for the avoidance of any doubt is a scheme of arrangement for the purposes of the FCA Rules, for the Merger as set out in Appendix 1 to this Document;
<b>Share</b>	any share of any Class of a Fund, and "Shares" shall be construed accordingly;
<b>Shareholder</b>	in relation to a Share or Shares of the Merging Fund the person or persons entered in the register as the shareholder of that Share or Shares on 20 April 2023 but excluding any persons who are known to the ACD not to be shareholders at the time of the Meeting or any adjourned Meeting;
<b>Surplus Monies</b>	monies arising from (i) the Illiquid Assets in the event they become transferable after the Effective Date; and/or (ii) the successful determination of a Retained Claim; and
<b>We, our, us</b>	abrdn Fund Managers Limited, as ACD of the Merging Fund.

Also, throughout this Document:

- (a) Words denoting the singular shall include the plural and vice versa and words denoting one gender shall include all genders; and
- (b) References to any statute or statutory instrument or other regulation or rule shall be deemed to include a reference to such statute or statutory instrument or other regulation or rule as from time to time amended and to any codification, consolidation, re-enactment or restatement thereof as from time to time in force.

### Key Dates

<b>ACTION</b>	<b>DATE IN 2023</b>
Cut-off date for eligibility of Shareholders voting in the Meeting	20 April
Dispatch mailing to Shareholders in the Merging Fund	27 April
Proxy Forms to be received by	9.00 am on 22 May
Meeting of Shareholders in Merging Fund	9.00 am on 24 May
Adjourned Meeting of Shareholders in Merging Fund (if required)	9.00 am on 31 May

Subject to the approval of Shareholders at the meeting on 24 May 2023 or any adjournment thereof:

<b>ACTION</b>	<b>DATE IN 2023</b>
Shareholder exit period without incurring rebalancing cost	25 May – 7 June
Deadline to redeem or switch Shares in the Merging Fund	12.00 noon on Thursday 22 June
Final valuation point of Merging Fund for the purposes of dealing	12.00 noon on Thursday 22 June
Suspension of dealing in Merging Fund	immediately after 12.00 noon on Thursday 22 June
Valuation point of Merging Fund for the purposes of the Scheme of Arrangement	12.00 noon on Friday 23 June
Valuation point of Continuing Fund for the purposes of the Scheme of Arrangement	12.00 noon on Friday 23 June
Cut-off date for calculation of final distribution payments for the Merging Fund	12.00 noon on Friday 23 June
<b>Effective Date of the Scheme of Arrangement</b>	12.01 pm Friday 23 June
Open for dealing in New Shares	9.00 am on Monday 26 June
End of accounting income period for Continuing Fund (first after Effective Date)	28 February
Distribution date for Continuing Fund (first after Effective Date)	30 April

**Please note that these times and dates may differ if the ACD and the Depositary agree that the Effective Date should be later. Should any dates differ from those stated in the above timetable, Shareholders will be notified accordingly.**

## **Appendix 1**

### **SCHEME OF ARRANGEMENT FOR THE MERGER**

#### **1. Definitions and Interpretation**

- 1.1 In this Scheme, unless the context otherwise requires, defined terms shall have the meaning set out in the Glossary to this Document. In addition, where relevant in the context, terms which are defined in the FCA Rules shall have the same meaning in this Scheme of Arrangement.
- 1.2 References to paragraphs are to paragraphs of this Scheme of Arrangement.
- 1.3 If there is any conflict between the Scheme of Arrangement, the Instrument of Incorporation and/or the prospectus of the Merging Fund and/or the Continuing Fund, the Scheme of Arrangement will prevail. If there is any conflict between the Scheme of Arrangement and the FCA Rules, the FCA Rules will prevail.

#### **2. Approval of Shareholders**

- 2.1 The Merger is conditional upon the passing of an Extraordinary Resolution at a Meeting of Shareholders of the Merging Fund, by which the Shareholders approve the Scheme of Arrangement and authorise the implementation of the Merger.
- 2.2 If the Extraordinary Resolution is passed, the Scheme of Arrangement will be binding on all Shareholders (whether or not they voted in favour of it, or voted at all) and the Scheme of Arrangement will be implemented as set out in the following paragraphs.
- 2.3 If the Extraordinary Resolution is not passed, the Merger will not proceed. The ACD will continue to operate the Merging Fund as they do currently and will consider alternative options for the Merging Fund in line with Shareholders' best interests (which could include terminating the Merging Fund).

#### **3. Suspension of dealings in the Merging Fund**

- 3.1 The last dealing in Shares of the Merging Fund will be at 12.00 noon on 22 June 2023.
- 3.2 In order to facilitate the implementation of the Scheme of Arrangement, dealings in Shares of the Merging Fund shall be suspended immediately after 12.00 noon on 22 June 2023.

#### **4. Income allocation and distribution arrangement**

- 4.1 The final distribution to be allocated in respect of the Merging Fund will be calculated immediately before the Effective Date. This has been agreed with the Depositary. If the Effective Date is other than 23 June 2023, the ACD may, with the agreement of the Depositary, make such other alterations to the allocation dates of the Merging Fund as it considers appropriate in the circumstances.
- 4.2 Income (if any) available for distribution in respect of the current accounting period accruing to income Shares will be allocated to income Shares and transferred to the distribution account of the Merging Fund. Within two months of the Effective Date, this income will be distributed to Shareholders.
- 4.3 Income (if any) available for distribution in respect of the current accounting period accruing to accumulation Shares shall be transferred to the capital account of the Merging Fund and allocated to accumulation Shares and shall be reflected in the value of those accumulation Shares. The income so allocated to those accumulation Shares shall be included in the Merging Fund Value.
- 4.4 Any distributions made pursuant to paragraph 4.2 (together with any interest arising on the distributions) which are unclaimed after the expiry of six years from the date of payment shall revert to the Continuing Fund.

## **5. Calculation of the Merging Fund Value and the Continuing Fund Value**

- 5.1 The Merging Fund Value will be calculated immediately before the Effective Date, based on the value of the property of the Merging Fund as at 12.00 noon on 23 June 2023 as adjusted to reflect any income allocated to accumulation Shares in accordance with paragraph 4.3 above, less the Retained Amount and any income transferred to the distribution account in accordance with paragraph 4.2 above. The Continuing Fund Value will be calculated as at 12.00 noon on 23 June 2023.
- 5.2 The Merging Fund Value and the Continuing Fund Value will be used to calculate the number of New Shares to be issued to each Shareholder (under paragraphs 6 and 7 below).

## **6. Transfer of property from the Merging Fund to the Continuing Fund and issue of New Shares**

- 6.1 The property of the Merging Fund may include certain Illiquid Assets which are non-transferable as at the Effective Date and the value of such assets have been written down to zero by the ACD. If so, these Illiquid Assets will therefore not be transferred to the Continuing Fund on the Effective Date and instead will be retained in the Merging Fund until they become transferable. Once the Illiquid Assets become transferable, they will be sold and Surplus Monies arising therefrom will be transferred on to the Continuing Fund in accordance with paragraph 11.3 hereafter.
- 6.2 With the exception of the Illiquid Assets (where applicable), the property of the

Merging Fund will become part of the property of the Continuing Fund in exchange and in full payment for the issue of New Shares. The Depositary, in its capacity as depositary of the Continuing Fund shall then hold the property as attributable to the Continuing Fund, and shall make or ensure the making of such transfers and re-designations as may be necessary as a result.

- 6.3 The ACD will arrange for the issue of New Shares to Shareholders (who are registered as holding Shares on the Effective Date), free of any initial charge, as follows:

Merging Fund		Continuing Fund	
Class of Shares	ISIN code	Class of New Shares	ISIN code
A Acc	GB00B07T4636	Retail Acc	GB0004331236
I Acc	GB00B07T4859	Institutional Acc	GB0004333497
K Acc	GB00BDD9P095	Institutional S Acc	GB00BBX46183
M Acc	GB00BGRLYM71	Platform 1 Acc	GB00B7FBH943
Z Acc	GB00B0XWNX64	Z Acc*	GB00BNTY3M68

\* This Share Class will be created in the Continuing Fund to facilitate the Scheme of Arrangement.

- 6.4 All Shares of the Merging Fund will be deemed to be cancelled and will cease to be of any value as at 12.01 pm on 23 June 2023.
- 6.5 Shareholders will be treated as exchanging their Shares for New Shares.

## 7. Basis for the issue of New Shares

- 7.1 The price of each New Share to be issued under the Scheme of Arrangement shall be determined by the Continuing Fund Value.
- 7.2 New Shares of the appropriate Class will be issued to each Shareholder invested in the Merging Fund in proportion to that portion of the Merging Fund Value that is attributable to the Shares of the appropriate Class owned by the relevant Shareholder immediately prior to the Effective Date. The formula used in calculating a Shareholder's entitlement to New Shares in the Continuing Fund is available on request.
- 7.3 Part of the consideration for the issue of New Shares in the Continuing Fund may be treated as income equalisation. All New Shares issued will be Group 2 Shares for the purposes of income equalisation.



7.4 The number of New Shares to be issued to each Shareholder will (if necessary) be rounded up to the nearest fraction (three decimal places) at the expense of the ACD.

7.5 New Shares shall be issued even where the number of New Shares to be issued is below the minimum holding of Shares referred to in the prospectus of the Continuing Fund.

## **8. Notification of the New Shares issued under the Scheme of Arrangement**

8.1 Certificates will not be issued in respect of New Shares.

8.2 It is intended that the ACD will notify each Shareholder of the number and Class of New Shares issued to that Shareholder within 10 (ten) days of the Effective Date.

8.3 Transfers or redemptions of New Shares issued under the Scheme of Arrangement may be effected from the next business day after the Effective Date which is expected to be Monday 26 June 2023.

## **9. Mandates and other instructions in respect of New Shares**

Mandates and other instructions to the ACD in force on the Effective Date in respect of Shares in the Merging Fund will be deemed to be effective in respect of New Shares issued under the Scheme of Arrangement and in respect of subsequent investments in Shares in the Continuing Fund, if relevant. Shareholders may change these mandates or instructions at any time.

## **10. Actions and other legal proceedings**

10.1 With effect from the Effective Date, with the exception of any Retained Claim, the benefit of any action or other legal proceedings or step (whether by way of a claim, legal proceedings, execution of judgment, arbitration or otherwise) whether current, future, pending or otherwise in respect of scheme property held within the Merging Fund or to which the Merging Fund is a party (or would, but for the Scheme of Arrangement, have been so held or have been a party) shall be allocated to and shall vest in the Continuing Fund.

10.2 The Continuing Fund shall be entitled to the benefit of all claims, settlements and any other rights that would have been available to the Merging Fund immediately prior to the Effective Date as though the scheme property had originally been held within the Continuing Fund or the Continuing Fund had been the original party to the relevant

action or other legal proceedings or step. Any settlement or award shall become an accretion to the Continuing Fund.

## **11. Termination of the Merging Fund**

- 11.1 On the Scheme of Arrangement becoming effective the ACD shall proceed to terminate the Merging Fund in accordance with the FCA Rules.
- 11.2 The Retained Amount and any income arising on it will be used by the Depositary to pay any outstanding liabilities of the Merging Fund in accordance with the directions and instructions of the ACD and the provisions of the Instrument of Incorporation and prospectus of the Merging Fund and the FCA Rules.
- 11.3 If, on or during the completion of the termination of the Merging Fund, there are any Surplus Monies remaining in the Merging Fund, they, together with any income arising therefrom, shall be transferred to the Continuing Fund. No further issue of New Shares shall be made as a result. The Depositary shall cease to hold the Retained Amount in its capacity as depositary of the Merging Fund and shall make such transfers and re-designations as may be directed and/or instructed by the ACD.
- 11.4 If the Retained Amount is insufficient to discharge all the liabilities of the Merging Fund, the ACD will pay the amount of the shortfall at its own expense.
- 11.5 On completion of the termination of the Merging Fund, the Depositary and the ACD will be discharged from all their respective duties, obligations and liabilities in respect of the Merging Fund, except those arising from a breach of duty or trust before that time. Final accounts in respect of the Merging Fund will be drawn up and, within four months of completion of its termination, a copy of the final accounts and the Auditor's report on it will be sent to the FCA and to each person who was a Shareholder immediately before completion of the termination.
- 11.6 On the completion of the termination of the Merging Fund, the Depositary shall notify the FCA in writing of that fact.

## **12. Costs, charges and expenses**

- 12.1 The Depositary and the ACD will continue to receive, for being the depositary and authorised corporate director respectively of the Merging Fund:
- (a) their usual fees which accrue prior to the Effective Date; and
  - (b) their usual expenses which accrue:
    - (i) prior to the Effective Date; and
    - (ii) after the Effective Date where such expenses are properly incurred in connection with the Scheme of Arrangement or the termination of the Merging Fund out of the property of the Merging Fund, to the extent that such expenses are payable out of the Retained Amount. For the avoidance of doubt, to the extent such expenses are not payable out of the Retained Amount, they shall be borne and paid out by the ACD.
- 12.2 As a consequence of the Merger, approximately 6% of the portfolio of the Merging Fund will need to be realigned. Rebalancing costs associated with aligning the Merging Fund's portfolio with the Continuing Fund's portfolio and taxes and duties (if any) on the same in preparation for the transfer of the property to be transferred under the Scheme of Arrangement will be paid for out of the property of the Merging Fund. The ACD has estimated that these costs will be 0.22% of the value of the Merging Fund. In practice, these costs will be dependent on market conditions and the respective portfolios at the point of rebalancing and may be higher or lower.
- 12.3 Any cost, actual or contingent, associated with fees and expenses in relation to the Merging Fund until the Merging Fund is terminated shall be factored in and paid out of the Retained Amount. However, if the Retained Amount is insufficient to meet any such cost then these shall be paid out of any Surplus Monies received by the Merging Fund, in accordance with paragraph 11.3 above. If no Surplus Monies are received or payable and the Retained Amount is insufficient such costs will be borne by the ACD.
- 12.4 The following costs of preparing and implementing the Merger under the Scheme of Arrangement, will be paid by the ACD:
- (a) the costs of convening and holding the Meeting of Shareholders (and any adjourned Meeting);
  - (b) the costs of transferring the assets of the Merging Fund to the Continuing Fund including any re-designation and registration fees;
  - (c) the costs of termination of the Merging Fund other than as noted at paragraph 12.3 above; and
  - (d) the fees and expenses of the ACD's professional advisers payable in connection with the Merger and the Scheme of Arrangement.

### **13. Reliance on the register**

- 13.1 The ACD and the Depositary shall be entitled to assume that all information contained in the register of Shareholders insofar as it relates to the Merging Fund on and immediately prior to the Effective Date is correct, and the ACD and the Shareholders shall be entitled to utilise the same in calculating the number of New Shares to be issued and registered pursuant to the Scheme of Arrangement.
- 13.2 The ACD and the Depositary may each act and rely upon any certificate, opinion, evidence or information furnished to it by the other or by its respective professional advisers in connection with the Scheme of Arrangement and shall not be liable or responsible for any resulting loss.

### **14. Alterations to the Scheme**

- 14.1 The ACD, after consultation with the Depositary, may determine that the Effective Date of the Merger is to be other than as set out in this Document, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme of Arrangement as the ACD considers appropriate.
- 14.2 The terms of the Merger may be amended as determined by the ACD in consultation with the Depositary.
- 14.3 Where the ACD considers it to be in the interests of the Shareholders for the Effective Date of the Merger to be extended to another date, the ACD may do so with the agreement of the Depositary, by duly notifying the Shareholders of such change. Unless this Scheme of Arrangement becomes operative on or before the date falling six (6) months from the Effective Date, it shall lapse.
- 14.4 Where the ACD considers that it would not be in the interests of Shareholders to proceed with the Merger, the ACD may, in consultation with the Depositary, decide not to proceed with the Merger. In such case, Shareholders of the Merging Fund will be informed of the ACD's decision.

### **15. Governing law**

The Scheme of Arrangement is governed by and shall be construed in accordance with Scots law.

Dated: 27 April 2023

## Appendix 2

### FURTHER INFORMATION ON THE MERGER

#### **Taxation**

##### *UK Shareholders*

We do not expect that the tax treatment in respect of Shares in the Continuing Fund will be different to the treatment applying to your existing Shares in the Merging Fund. Further, the tax position of the Continuing Fund and the Merging Fund should not differ either. Based on our understanding of the tax legislation and tax clearances from HM Revenue and Customs (“HMRC”) in the United Kingdom, the Merger should not constitute a disposal of Shares for capital gains tax purposes whatever the size of your holding. Shares in the Continuing Fund issued to you under the Scheme of Arrangement should have the same acquisition cost and acquisition date for capital gains tax purposes as your existing Shares in the Merging Fund. Shares in the Continuing Fund issued to abrdn ISA holders will continue to be held within an abrdn ISA, and the Merger will not have any impact on the tax status of the abrdn ISA.

Details of the tax clearances are set out in Appendix 5.

Based on HMRC practice, it is not anticipated that UK stamp taxes should be payable in respect of the transfer of property of the Merging Fund to the Continuing Fund as part of the Merger. If any UK or other taxes or duties are incurred in respect of the Merging Fund, they will be paid by the ACD.

This is a summary of our understanding of the current UK legislation and HMRC practice relevant to UK resident investors regarding the issue of Shares in the Continuing Fund under the Merger. It may be subject to change. **If you are in any doubt about your potential liability to tax, you should consult a professional financial or tax adviser.**

##### *Non-UK Shareholders*

The tax consequences of the Merger may vary depending on the law and regulations of your country of residence, citizenship or domicile. **If you are in any doubt about your potential liability to tax, you should consult a professional financial or tax adviser.**

##### *Further information for abrdn ISA holders*

Please note that if the Merger is implemented, the tax status of your abrdn ISA will be unaffected and there will be no change to your abrdn ISA terms and conditions as a result of the Merger. If you do not wish to take part in the Scheme of Arrangement please see the following paragraphs setting out your options.

#### **Your options if you do not wish to participate in the Merger**

##### *Options for those who are not holders of an abrdn ISA*

If you do not wish to participate in the Merger, you may either redeem your holding or switch your holding to another fund managed by the ACD within its UK fund range free of any switch or redemption charge, provided we receive your valid dealing instruction before the deadline which we need to impose in order to implement the Merger. The deadline is 12.00 noon on 22 June 2023. If your instruction is received after this deadline you will still participate in the Merger and we will apply those instructions to the New Shares in the Merging Fund which you will receive as part of the Merger. **If you do elect to switch or redeem your holding please**

**note you will not benefit from any applicable HMRC clearance and therefore will likely trigger a disposal event for tax purposes, and incur tax on any gains arising from the redemption or switch of Shares.**

#### *Options for holders of an abrdn ISA*

If you are an abrdn ISA holder and you do not wish to take part in the Merger, you may switch your abrdn ISA holding into another fund managed by the ACD within its UK fund range free of any switch charge or you may switch to another ISA manager. If you wish to redeem any Shares held within your ISA or require further details of any funds managed by the ACD prior to the Merger please contact our Investor Servicing Centre on 0345 113 6966 (or + 44 (0) 1268 44 5488 from outside the UK) which is open from Monday to Friday between 9.00 am and 5.30 pm, before 12.00 noon on 22 June 2023. If you wish to switch ISA manager you will need to instruct your new ISA manager to begin the switching process as soon as possible so that we receive transfer instructions before 12.00 noon on 22 June 2023. Please be aware that it can take up to 30 days to process an ISA transfer. **Please note that if you hold Shares through an abrdn ISA a redemption of Shares will result in you losing your ISA status and associated tax benefits in relation to redeemed Shares. It is therefore important that you take professional advice from your professional financial or tax adviser before deciding to redeem Shares.**

#### *Regular investments*

If you are currently investing monthly by direct debit this will continue after the Merger unless we receive your written instructions stating otherwise.

#### *Dealing*

Dealing in New Shares for the Shareholders will recommence from 9.00 am on 26 June 2023.

### Appendix 3

#### COMPARISON OF THE PRINCIPAL FEATURES OF THE MERGING FUND AND THE CONTINUING FUND

	Merging Fund	Continuing Fund
<b>Fund</b>	abrdn (AAM) UK Smaller Companies Fund	abrdn UK Smaller Companies Fund
<b>Umbrella</b>	abrdn OEIC I	abrdn OEIC II
<b>Regulatory Classification</b>		UCITS
<b>Domicile</b>		UK
<b>Valuation Point</b>		12.00 noon
<b>Dealing</b>		Daily
<b>Dealing Days</b>	Any day on which banks in London are open for business other than days (as determined by the ACD in its discretion) where, in respect of any exchange or market on which a substantial portion of a fund's portfolio is traded, such exchange or market is closed. 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 ACD and on the website at <a href="http://www.abrdn.com">www.abrdn.com</a> .	
<b>Pricing</b>		Single priced on a forward basis
<b>ACD</b>		abrdn Fund Managers Limited
<b>Depository</b>		Citibank UK Limited
<b>Custodian</b>		Citibank N.A., London Branch
<b>Fund Accounting</b>	Citibank N.A., London Branch	abrdn Investment Management Limited

<b>Registrar/Transfer Agency</b>	SS&C Financial Services Europe Limited	SS&C Financial Services Europe Limited and SS&C Financial Services International Limited
<b>Investment Advisor</b>	abrdh Investments Limited	abrdh Investment Management Limited
<b>Investment Objective and Policy</b>	<p><b>Investment Objective</b></p> <p>To generate growth over the long term (5 years or more) by investing in UK smaller capitalisation equities (company shares).</p> <p><b>Performance Target:</b> To achieve the return of the Numis Smaller Companies Plus AIM excluding Investment Companies Index plus 3% per annum over rolling three year periods (before charges). 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.</p> <p>The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.</p>	<p><b>Investment Objective</b></p> <p>To generate growth over the long term (5 years or more) by investing in UK small-capitalisation equities (company shares).</p> <p><b>Performance Target:</b> To achieve the return of the Numis Smaller Companies Plus AIM ex Investment Companies Index plus 3% per annum (before charges). 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.</p> <p><b>Performance Comparator:</b> IA UK Smaller Companies Sector Average.</p> <p>The ACD believes this is an appropriate target/comparator for the fund based on the investment policy of the fund and the constituents of the index/sector.</p>
	<p><b>Investment Policy</b></p> <p><b>Portfolio Securities</b></p> <ul style="list-style-type: none"> <li>The fund will invest at least 60% in smaller capitalisation equities and equity related securities of companies listed, incorporated or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.</li> <li>Smaller capitalisation companies are defined as any stock having a market capitalisation less than</li> </ul>	<p><b>Investment Policy</b></p> <p><b>Portfolio Securities:</b></p> <ul style="list-style-type: none"> <li>The fund will invest at least 60% in small-capitalisation equities and equity related securities of companies listed, incorporated, or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.</li> <li>Small capitalisation companies are defined as any stock having a market cap less than the 10th percentile stock of the overall UK equity market.</li> </ul>



	<p>the 10th percentile stock of the overall UK equity market.</p> <ul style="list-style-type: none"> <li>• The fund may also invest in mid and larger capitalisation companies listed, incorporated or domiciled in the UK.</li> <li>• The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.</li> </ul>	<ul style="list-style-type: none"> <li>• The fund may also invest up to 40% in mid and larger capitalisation companies listed, incorporated or domiciled in the UK.</li> <li>• The fund may also invest in other funds (including those managed by abrdn) and money-market instruments, and cash.</li> </ul>
	<p><b>Management Process</b></p> <ul style="list-style-type: none"> <li>• The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.</li> <li>• Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that show a range of high quality characteristics, operate in growing markets and display positive business momentum.</li> <li>• In seeking to achieve the Performance Target, the Numis Smaller Companies Plus AIM excluding Investment Companies Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 10%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.</li> <li>• Please note: The fund's ability to buy and sell small and mid-capitalisation shares and the associated costs can be affected during periods of market stress. In certain circumstances investors in the fund may not be able to sell their investment when they want to.</li> </ul>	<p><b>Management Process</b></p> <ul style="list-style-type: none"> <li>• The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.</li> <li>• Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that exhibit a range of high quality characteristics, operate in growing markets and display positive business momentum.</li> <li>• In seeking to achieve the Performance Target, the Numis Smaller Companies Plus AIM ex Investment Companies Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, should not exceed 10%. Due to the active nature of the Investment process, the fund's performance profile may deviate significantly from that of the Numis Smaller Companies Plus AIM ex Investment Companies Index.</li> <li>• Please note: The fund's ability to buy and sell small and mid-capitalisation shares and the associated costs can be affected during periods of market stress. In certain circumstances investors in the fund may not be able to sell their investment when they want to.</li> </ul>

	Derivatives and Techniques											
	<ul style="list-style-type: none"><li>The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as “Efficient Portfolio Management”).</li><li>Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund’s existing allocations to company shares.</li></ul>											
Fund Specific Risks	<ul style="list-style-type: none"><li>i. Equity risk</li><li>ii. Small and Mid-Cap Stock risk</li><li>iii. Concentration risk</li><li>iv. Derivatives risk</li></ul>											
Target Market	<ul style="list-style-type: none"><li>Investors with basic investment knowledge.</li><li>Investors who can accept large short term losses.</li><li>Investors wanting a return (growth) over the longer term (5 years or more).</li><li>The fund has specific and generic risks with a risk rating as per the SRRI number, all detailed on the Key Investor Information Document.</li><li>For general sale to retail and professional investors through all distribution channels with or without professional advice.</li></ul>											
Base currency	GBP											
Investment in other collective investment schemes	Maximum 10% in other collective investment schemes.											
Share Classes available under the scheme and associated charges	Share class	AMC (%)	OCF (%)	Initial Sales/Pr eliminary Charge (%)	Exit/Red emption charge (%)	Platform Dealin g Charge (%)	Share class	AMC (%)	OCF (%)	Initial Sales/Pr eliminary Charge (%)	Exit/Red emption charge (%)	Dealing Charge/ Platform Dealing Charge (%)
	A Acc	1.20	1.29	0	0		Retail Acc	1.35	1.35	4	0	
							Retail Inc	1.35	1.35	4	0	



									Institutional Inc	5,000,000	50,000	50,000	5,000
									Institutional Regulated Acc	5,000,000	50,000	50,000	5,000
								0	Institutional S Acc	5,000,000	50,000	50,000	1,500,000,000
									Institutional S Inc	5,000,000	50,000	50,000	1,500,000,000
								0	Platform 1 Acc	1,000,000	50,000	50,000	5,000
									ZC Acc	5,000,000	50,000	50,000	5,000
									ZA Inc	5,000,000	50,000	50,000	5,000
								0	Z Acc****	5,000,000	50,000	50,000	5,000
	*These minima may be waived or varied by the ACD at its sole discretion.							**Not applicable if investments are being made on a monthly basis. ***The ACD may waive the above minimum requirements in any particular case prescribed by it. *****This Share Class is in the process of being launched as at the date of this document.					
Regular saving plan and minimum monthly saving	Yes and minimum monthly saving amount of £50 per month with an obligation to make a minimum investment of £500							Yes and minimum monthly saving amount of £50 per month					
ISA investments	ISA eligible	Minimum single lumpsum investment (£)		Minimum subsequent investment (£)		Minimum holding (£)		Minimum redemption (unless withdrawing monthly) (£)					

<b>and ISA minima</b>	Yes	500	50	50	50
<b>Synthetic risk and reward indicator (SRRI)</b>	6				
<b>Charges from Income/Capital</b>	Income			Income in respect of accumulation shares. Capital in respect of income shares.	
<b>Accounting period end dates</b>	31 January and 31 July			28 February in each year (29 February in a leap year) 31 August (half-yearly end)	
<b>Income payment / allocation dates</b>	Income will be calculated semi annually as at 31 January and 31 July (final). The appropriate distributions / allocations will be made within 3 months of these dates.			30 April	
<b>Settlement period</b>	All Share Classes have a settlement period of 3 business days from the dealing day.			All Share Classes have a settlement period between 1 to 4 business days from the transaction date.	

## Appendix 4

### PAST PERFORMANCE OF THE FUNDS

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

<b>Fund Name</b>	<b>Performance Category Name</b>	<b>Label</b>	<b>2022 (%)</b>	<b>2021 (%)</b>	<b>2020 (%)</b>	<b>2019 (%)</b>	<b>2018 (%)</b>
<b>abrdn (AAM) UK Smaller Companies Fund</b>	<b>Fund</b>	Fund	-35.3	27.6	8.3	37.9	-16.1
	<b>Performance Target</b>	Numis Smaller Companies Plus AIM ex Investment Companies +3.00% from 07/08/2019. FTSE Small Cap ex Investment Trusts +3.00% from 31/03/2006 to 06/08/2019	-18.9	23.0	7.9	20.7	-10.8
<b>abrdn UK Smaller Companies Fund</b>	<b>Fund</b>	Fund	-34.9	24.9	3.9	46.2	-10.9
	<b>Performance Comparator</b>	IA UK Smaller Companies Equity Sector Average	-25.6	20.6	7.0	25.4	-11.8
	<b>Performance Target</b>	Numis Smaller Companies Plus AIM ex Investment Companies +3.00% from 01/04/2018. Numis Smaller Companies ex Investment Trusts +3.00% from 06/01/1997 to 31/03/2018	-18.9	23.0	7.9	25.2	-13.5

Source: Factset, Lipper and Morningstar in respect of abrdn (AAM) UK Smaller Companies Fund; and abrdn, Factset, Morningstar in respect of abrdn UK Smaller Companies Fund

Basis: NAV to NAV, The above figures are based on I net accumulation shares in respect of abrdn (AAM) UK Smaller Companies Fund; and on Platform 1 Acc shares in respect of abrdn UK Smaller Companies Fund. All are GBP. 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 ACD, the Investment Adviser or the relevant Sub-Advisor, 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 ACD and at [www.abrdn.com](http://www.abrdn.com). Performance information is shown for a period of five years where possible. Where no performance data is shown, performance data does not exist for the relevant periods.

## **Appendix 5**

### **CONSENTS, CLEARANCES AND DOCUMENTS FOR INSPECTION**

#### **1. The Depositary**

Citibank UK Limited, as depositary of the Merging Fund and the Continuing Fund, whilst neither recommending nor offering an opinion on the merits of the proposed Merger, which is a matter for each Shareholder's judgment, has informed us by letter that it has no objection to the proposed Merger being placed before Shareholders for their consideration.

The Depositary has confirmed that it consents to the references to it in this Document in the form and context in which they appear and that it will be bound by and implement, insofar as may become incumbent upon it, the terms and conditions of the Scheme of Arrangement in respect of the Continuing Fund.

#### **2. The ACD**

We, as ACD of the Continuing Fund, confirm that in our opinion, the receipt of property under the Scheme of Arrangement by the Continuing Fund is not likely to result in any material prejudice to the interests of shareholders in the Continuing Fund, is consistent with the objectives of the Continuing Fund and can be effected without any breach of a rule in COLL 5 (Investment and borrowing powers) of the FCA Rules.

#### **3. The Financial Conduct Authority**

The FCA has been informed of the proposal to implement the Scheme of Arrangement and has confirmed that the proposed Merger will not affect the ongoing authorisation of the Continuing Fund.

#### **4. The Auditor**

As independent auditor to the Merging Fund, KPMG LLP has informed the ACD that, whilst not otherwise expressing a view on the merits of the proposals set out in this Document, it consents to the references to them in this Document in the form and context in which they appear and that in their opinion the method of calculation of the number of New Shares in the Continuing Fund to be issued to Shareholders in the Merging Fund will produce the correct arithmetical result as regards Shareholders in the Merging Fund and shareholders in the Continuing Fund.

#### **5. Tax**

It has been confirmed with HMRC that section 103K of the Taxation of Chargeable Gains Act 1992 ("TCGA 1992") should not apply to the Merger and consequently section 103H of the TCGA 1992 may apply regardless of the size of holding. Accordingly, the Merger should not involve a disposal of Shares in the Merging Fund

for the purposes of tax on capital gains for any UK resident Shareholder. New Shares will have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Shareholder as their existing Shares.

It has been confirmed with HMRC for clearance under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010 that the Merger does not create any tax advantages which should be cancelled.

## **6. Documents for inspection**

The following documents are available on request by calling our Investor Servicing Centre on 0345 113 6966 (or + 44 (0) 1268 44 5488 from outside the UK) which is open from Monday to Friday between 9.00 am to 5.30 pm:

1. The Instrument of Incorporation of each Fund;
2. The current Prospectus of each Fund;
3. The following letters referred to above:
  - a. The letter from the Depositary to the ACD;
  - b. The letter from the FCA to the ACD; and
  - c. The letter from HMRC;
4. The KIIDs relating to each Fund; and
5. The annual long report and the assessment of value for each Fund.



## Appendix 6

### MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a meeting of the Shareholders of abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I will be held at the offices of abrdn Fund Managers Limited at 1 George Street, Edinburgh, Scotland, EH2 2LL at 9.00 am on 24 May 2023 to consider and, if thought fit, to pass the following resolution which will be proposed as an Extraordinary Resolution:

#### EXTRAORDINARY RESOLUTION

**THAT** this meeting hereby approves the proposal as noted in the letter dated 27 April 2023 addressed by abrdn Fund Managers Limited (the "**ACD**") to Shareholders of abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I (the "**Merging Fund**") to merge the Merging Fund into abrdn UK Smaller Companies Fund, a sub-fund of abrdn OEIC II (the "**Continuing Fund**") by way of a scheme of arrangement (the "**Scheme of Arrangement**") and, accordingly, that the ACD and Citibank UK Limited (as depositary of each of the Merging Fund and the Continuing Fund) be and are hereby authorised and instructed to take such steps as are necessary to implement and give effect to the Scheme of Arrangement in accordance with its terms and, once the Scheme of Arrangement has been implemented, the Merging Fund be terminated in accordance with the terms of the Scheme of Arrangement.

For and on behalf of

**abrdn Fund Managers Limited**

ACD of abrdn (AAM) UK Smaller Companies Fund, a sub-fund of abrdn OEIC I

## **Appendix 7**

### **PROCEDURE FOR THE MEETING OF SHAREHOLDERS**

The Notice convening the Meeting is set out in Appendix 6 of this Document and sets out the Extraordinary Resolution to approve the proposed Merger. To be passed, the Extraordinary Resolution must receive the support of at least 75% of the total number of votes cast in respect of it.

#### **Quorum and voting requirements**

The quorum for the Meeting is two Shareholders present in person or by proxy.

If after a reasonable time from the Meeting start time, a quorum is not present, the Meeting will stand adjourned for at least seven days. If, at an adjourned Meeting, a quorum is not present after a reasonable time from the Meeting start time, one person entitled to be counted in a quorum present at the Meeting shall constitute a quorum.

In the event of an adjourned Meeting and unless instructions are received, Forms of Proxy received in respect of the first Meeting will remain valid for the adjourned Meeting.

The resolution will be proposed as an Extraordinary Resolution and must therefore be carried by a majority in favour of not less than 75% of the total number of votes cast at the Meeting. Persons who are Shareholders on 20 April 2023, but excluding persons who are not Shareholders at the time of the Meeting or adjourned Meeting, are entitled to vote. Once passed, the Extraordinary Resolution is binding on all Shareholders in the Merging Fund, irrespective of whether they voted or not.

In view of the importance of the Extraordinary Resolution the Chairman of the Meeting will call for a poll to be taken in respect of the Extraordinary Resolution. On a poll, the voting rights for each Share are the proportion of the voting rights attached to all of the Shares in issue that the price of the Share bears to the aggregate price or prices of all of the Shares in issue at 20 April 2023. A Shareholder who is entitled to more than one vote on a poll need not, if voting, use all their votes or cast all the votes they use in the same way.

Return of a Form of Proxy via any medium, email/online voting/post will not preclude a Shareholder from attending the Meeting if entitled to do so, nor from voting in person.

#### **Joint Holders**

In the case of joint holders, the vote of the senior holder on the register who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names stand on the register of Shareholders.

## **The ACD**

The ACD is entitled to attend the Meeting but shall not be entitled to vote or be counted in a quorum at the Meeting, nor any adjournment except in respect of Shares which it holds on behalf of or jointly with another person who, if they themselves were the registered Shareholder, would be entitled to vote and from whom it has received voting instructions. Associates of the ACD holding Shares are entitled to be counted in a quorum of a Meeting but may only vote in the same circumstances as the ACD.

## **Chairman**

Citibank UK Limited, as Depositary, has nominated Adam Shanks, Director of the ACD or, failing them, any other individual duly appointed by the ACD, to be Chairman of the Meeting and at any adjourned Meeting.

