



27 July 2023

Investor Name  
Investor Reference:  
Unique Pin:  
Designation:

**IMPORTANT INFORMATION – abrdn Global Absolute Return Strategies Fund  
FUND MERGER PROPOSAL – ACTION REQUIRED**

Dear Investor,

**Proposed merger of the abrdn Global Absolute Return Strategies Fund (the “Merging Fund”) into the abrdn Diversified Income Fund which as of 17 August 2023 will be renamed as the abrdn Diversified Growth and Income Fund, a sub-fund of abrdn OEIC I (the “Continuing Fund”)**

**You are invested in the Merging Fund, so please read this letter carefully as it contains important information regarding a proposed merger in respect of the Merging Fund. Having read the letter, you may wish to consult with your financial adviser before taking any action.** In this letter, unless the context requires otherwise, the terms shall have the meaning set out in the Glossary of the Circular (as defined below).

We, abrdn Fund Managers Limited (“abrdn”), are writing to give you details of our proposal to merge the Merging Fund into the Continuing Fund. We refer to our proposal as the “Merger Proposal”.

As a Unitholder in the Merging Fund we are seeking your approval of the Merger Proposal which is outlined below. The enclosed ‘Information and Notice of Meeting to Unitholders’ contains a Scheme of Arrangement which sets out the terms and conditions of the merger and provides further detailed information about the Merger Proposal, and how you can vote on the Merger Proposal (the “Circular”).

If you have any questions on the Merger Proposal, please call us on 0345 113 6966 or +44 (0) 1268 44 5488 if outside the UK. We are here between 9.00 am and 5.30 pm (UK time), Monday to Friday. Calls may be monitored and/or recorded to protect both you and us and help with our training. Please note that while we will be able to answer general questions on this letter and the Circular, we can’t provide financial advice.

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T 0345 113 6966

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## **Background to the Merger Proposal**

We have undertaken a comprehensive review of our UK authorised fund range with the intention of offering better outcomes to investors. During the course of the review, abrdn has considered investor impact and outcomes. The primary purpose of the review is to lead to a smaller, simplified UK authorised fund range, with the aim of having a clearer offering to investors, concentrating on our core investment management capabilities and allowing a greater focus on the funds which remain to ensure that we can offer the best outcome to investors.

The Merging Fund has reduced in size over recent years, and has not delivered our intended target performance for investors. The Continuing Fund is managed in a different way, but aims to deliver a similar performance target and outcome for investors compared to the Merging Fund. The Continuing Fund has performed better over both the short and long term after costs. The outcome of the review is to propose to merge the two Funds.

A number of updates in addition to the change of name as mentioned earlier in this letter will be made to the Continuing Fund on 17 August 2023, including to its investment objective and investment policy such as removing the implied focus on income generation and ensuring it is clear that the Continuing Fund focuses on generating both capital growth as well as income. These changes will not materially impact how the Continuing Fund is managed, its performance target, nor its Risk Profile and Synthetic Risk and Reward Indicator (a measure of fund risk) as set out in the Key Investor Information Document. The table below reflects a comparison of the two Funds based on the changes going live on 17 August 2023.

## **Comparison of the Merging Fund and the Continuing Fund**

Investment Objectives and Performance Targets	<p>The Merging Fund aims to produce a positive absolute return over the medium to long term (3 to 5 years or more) irrespective of market conditions, while reducing the risk of losses.</p> <p>The Continuing Fund similarly aims to produce a positive return through capital growth and income over the long term (5 years or more) while reducing the risk of losses.</p> <p>Both Funds have the same performance target but look to achieve this over different time periods – the Merging Fund over rolling three year periods while the Continuing Fund is over rolling five year periods.</p>
Investment Policies and Management Process	<p>Both Funds invest across the global investment universe, directly, or indirectly through derivatives and through underlying funds. The Continuing Fund however invests in a broader range of physical investments within the global investment universe (including but not limited to private equity, property and infrastructure accessed through listed equities including investment trusts) to provide diversification.</p> <p>Although both these Funds are actively managed, the Merging Fund seeks to generate growth in various ways (including advanced derivative techniques) while the Continuing Fund selects investments</p>

	<p>depending on their prospects for growth and income and/or creditworthiness relative to market expectations, given the anticipated future economic and business conditions. The Merging Fund therefore uses derivatives extensively.</p> <p>As a result of the above differences, the Continuing Fund is expected to experience a larger fall in performance in times of market stress and a larger increase in performance when markets are positive. Additionally, the Continuing Fund expects volatility (a measure of the size of changes in the value of an investment) to be less than two thirds of global equities whilst the Merging Fund is expecting volatility to typically be between one third and one half less than global equities.</p>
Synthetic Risk and Reward Indicator as set out in the Key Investor Information Document	Notwithstanding the Funds' investment policies and management process differences, these are the same for both Funds.
Performance History	The Continuing Fund has performed better over both the short and long term after costs.
Ongoing Costs	<p>As at 17 August 2023, for all Share Classes other than the Institutional A Acc Share Class, the Continuing Fund has a higher ongoing cost than the Merging Fund.</p> <p>Where the ongoing costs are higher for the Continuing Fund, this relates in large part to its use of investment trusts to gain exposure to certain asset classes, which are generally not used by the Merging Fund. While the use of investment trusts leads to an increase in disclosed costs, the key benefit is that they remain a cost effective and efficient way to gain access to a larger pool of assets than the Continuing Fund could access directly (e.g., infrastructure), and therefore we strongly believe it is in investors best interests.</p>

A comparison of the principal features of the Merging Fund and Continuing Fund including a comparison of the investment objectives and policies is set out in Appendix 3 of the Circular. The Shares in the Continuing Fund may be subject to higher investment minimum levels than the Units in the Merging Fund. Where this is the case, these higher investment minimum levels will be waived for unitholders moving from the Merging Fund to the Continuing Fund, such that unitholders will continue to be subject to the investment minimum levels of the Merging Fund. A comparison of the investment minimum levels for both Funds is set out in Appendix 3 of the Circular. Details of the past performance of the Merging Fund and the Continuing Fund is set out in Appendix 4 of the Circular.

Any direct costs relating to the merger will be paid for by abrdn, as set out in paragraph 12.4 of Appendix 1 of the Circular. However, in advance of the merger, the holdings in the Merging Fund will be bought and sold so the portfolio aligns to the strategy of the Continuing Fund, and the cost of this rebalancing exercise will be borne by unitholders in the Merging Fund that haven't chosen to redeem or switch their investments by 10 November 2023. We estimate this cost to be 0.80% of the value of the Merging Fund (i.e. a cost of £80 for

every £10,000 held). 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. Please refer to paragraph 12.3 of Appendix 1 of the Circular for further details on the treatment of costs post-merger.

### **Proposed Changes**

If investors approve the Merger Proposal, the Merging Fund will be merged with the Continuing Fund, and this is currently planned for 1 December 2023.

The Merger Proposal involves the exchange of assets in the Merging Fund for Shares in the Continuing Fund so investors of the Merging Fund will become shareholders in the Continuing Fund. The Units you hold in the Merging Fund will therefore be exchanged for equivalent Shares in the Continuing Fund. We have set out in Appendix 1 of the Circular the mapping of the Unit Classes in the Merging Fund and the Share Class in which you will receive New Shares in the Continuing Fund.

We do not anticipate that there will be any tax implications as a result of the Merger Proposal for UK unitholders. For non-UK unitholders please refer to the Circular for further information.

### **Further Information**

With this letter you will find full details of the Merger Proposal set out in the Circular. We strongly recommend that you read this as it gives:

- details of the Merger Proposal and process, as well as a side by side comparison of the Merging Fund with the Continuing Fund;
- details of the New Shares that you will receive in the Continuing Fund (if the Merger Proposal is approved);
- further information for regular savers and ISA holders;
- the process for approving the Merger Proposal;
- the key dates; and
- any action you need to take.

### **Approving the Merger Proposal**

The Merger Proposal needs to be approved by Unitholders in the Merging Fund. Accordingly, we are calling an Extraordinary General Meeting (the “Meeting”) and are inviting you to vote on an Extraordinary Resolution in respect of the Merger Proposal.

The Meeting will be held at 11.15 am (UK time) on 28 September 2023 in 1 George Street, Edinburgh EH2 2LL.

For the Merger Proposal to be approved, not less than 75% of the votes validly cast must be in favour of the Merger Proposal.

**Should you wish to exercise your right to vote on the Merger Proposal:**

- **you can complete the enclosed Form of Proxy** and return it in the pre-paid envelope provided or by way of email to [abrdn@castavote.co.uk](mailto:abrdn@castavote.co.uk) in accordance with the instructions provided in the enclosed document, as soon as possible and in any case so that it arrives not later than 48 hours before the start of the Meeting (i.e. by 11.15 am (UK time) on 26 September 2023); or
- **you can complete the Form of Proxy by accessing the following url <https://castavote.online/abrdn/>** using your investor reference number and unique pin provided in this letter in accordance with the instructions provided online, as soon as possible and in any case so that it arrives not later than 48 hours before the start of the Meeting (i.e. by 11.15 am (UK time) on 26 September 2023); and

**in both cases as aforesaid, you may also attend the Meeting in person and cast your vote (although your vote will only count once).**

**Important:**

Should you wish to return your completed Form of Proxy by post, please note this should be sent to this address:

abrdn Fund Managers Limited  
C/O Corporate Mailing Solutions Ltd  
Unit 4B  
Chelmsford Road Industrial Estate  
Great Dunmow  
CM6 1HD

For all other instructions or queries regarding your holding, please contact our Customer Services Teams at the details below:

Telephone (UK): 0345 113 6966  
Telephone (International): +44 (0) 1268 44 5488

Call charges will vary.

**Timeline of Key Events**

Closing date for receipt of Form of Proxy	11.15 am on 26 September 2023
Meeting	11.15 am on 28 September 2023
Publication of the outcome of the Meeting	As soon as possible following the Meeting on our website <a href="http://www.abrdn.com/en/uk/investor/fund-centre/investor-communications">www.abrdn.com/en/uk/investor/fund-centre/investor-communications</a> Alternatively, by calling our Investor Servicing Centre on 0345 113 6966 (or +44 1268 44 5488 if outside the UK) from 4.00 pm (UK time) on 28 September 2023 to find out the results of the Meeting. We are open from Monday to Friday between 9.00 am and 5.30 pm (UK time).

If the Merger Proposal is approved, the merger will be binding on all unitholders, even those that voted against it or did not vote at all and will be undertaken in accordance with the terms set out in Appendix 1 of the Circular. Accordingly, the following timeline shall apply:

Date until which you can redeem or switch your holding to another of our UK funds without redemption or switch charges, or depending on how you hold your investment, transfer to another manager, without incurring rebalancing costs. <b>If you do switch into another fund or cash in, you should note it will be treated as a disposal of Units for tax purposes and, unless you are invested through an ISA, you may be liable to tax on any gains arising from switching or redemption of your Units. If you are unsure about your personal tax position, please seek professional tax advice.</b>	10 November 2023
Suspension of dealing in Merging Fund	Immediately after the 12 noon (UK time) dealing cut off point on 30 November 2023.
Merger takes place and wind up of the Merging Fund commences	12.01 pm on 1 December 2023
Dealing in New Shares in the Continuing Fund	9.00 am on 4 December 2023 (deals received immediately after 12 noon (UK time) on 30 November 2023 and prior to this point will be rejected).

Full details on all of the above are contained in Appendix 1 and/or Appendix 2 of the Circular.

### **What do you need to do?**

We strongly recommend that you read the enclosed Circular carefully and take time to consider the Merger Proposal.

**We believe that the Merger Proposal is in the best interests of the Unitholders and recommend you to vote in favour.**

You can find copies of this communication at [www.abrdn.com/en/uk/investor/fund-centre/investor-communications](http://www.abrdn.com/en/uk/investor/fund-centre/investor-communications). We will keep this page up to date with all further client communications relating to the changes we are making.

Thank you for continuing to invest with abrdn.

Yours faithfully,

Adam Shanks Director  
**abrdn Fund Managers Limited**