



abrdn Falcon Fund*

Prospectus
14 December 2022

*This fund was previously known as Aberdeen Standard Capital Falcon Fund

abrdn.com

ABRDN FALCON FUND

PROSPECTUS

abrdn Fund Managers Limited is the manager ("*manager*") of the abrdn Falcon Fund and is the person responsible for the information contained in this Prospectus. The *manager* has delegated the investment management of the fund to abrdn Investment Management Limited.

This Prospectus is valid and is dated as at 14 December 2022

PROSPECTUS OF
abrdn Falcon Fund

This document constitutes the Prospectus for the abrdn Falcon Fund (the “fund”) and has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook (“*COLL Sourcebook*”), which forms part of the *FCA Handbook* (the “*regulations*”).

The fund is a *UCITS scheme* for the purpose of Chapter 5 of the *COLL Sourcebook* and is constituted as an authorised unit trust.

Copies of this Prospectus have been sent to the *FCA* and the *trustee*.

IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

This Prospectus is based on information, law and practice as at the date of this Prospectus. The fund is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

abrdn Fund Managers Limited, the *manager* of the fund, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the *COLL Sourcebook* to be included in it. abrdn Fund Managers Limited accepts responsibility accordingly.

The UK left the European Union (“EU”) on 31 January 2020 and the transition period ended on 31 December 2020 (“IP completion day”). On or after IP completion day, any reference in this prospectus to an EU Directive or a provision of an EU Directive is to be taken to be a reference to all of the legislation or regulatory rules of the UK which:

- a) implemented any obligation of the UK under the EU Directive or the provision of the EU Directive (as the case may be), or enabled any such obligation to be implemented;
- b) exercised any rights available to the UK under the EU Directive (as the case may be), or enabled any such rights to be exercised;
- c) dealt with any matter arising out of or related to any such obligation or right, immediately before IP completion day.

Where any such legislation or rule is amended, replaced, recast, restated or applied with any relevant modification on or after IP completion day, the reference shall be taken to be a reference to that legislation or rule as so amended, replaced, recast, restated or applied (as the case may be).

No person has been authorised by the *manager* to give any information or to make any representations in connection with the offering of a *unit* or *units* in the fund ("*unit*" or "*units*") other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the *manager*. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of *units* shall not, under any circumstances, create any implication that the affairs of the fund have not changed since the date of this Prospectus.

The distribution of this Prospectus and the offering of *units* in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the fund to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of *units*.

The provisions of the *trust deed* are binding on each of the *unitholders* and a copy of the *trust deed* is available on written request from abrdn Fund Managers Limited.

This Prospectus has been issued for the purpose of section 21 of the *Act* by abrdn Fund Managers Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

United States and restrictions on U.S. persons

The *units* have not been and will not be registered in the *United States* under the Securities Act of 1933, as amended (the "*Securities Act*"), or any U.S. state securities laws, and the fund has not been nor will be registered in the *United States* under the Investment Company Act of 1940, as amended, and *unitholders* will not be entitled to the benefits of such registration. Accordingly, except as provided below, no *units* may be offered or sold, directly or indirectly, in the *United States*, any state thereof or its territories or possessions or to any *U.S. person*. The *manager* may authorise the offer and sale of *units* in the *United States* or to a limited number or category of *U.S. persons* provided that, if so authorised, *units* will be offered and sold only to such persons and in such manner as will not require registration of the fund, or the *units* under the securities laws of the *United States* or any state thereof. The *units* have not been approved or disapproved by the *United States* Securities and Exchange Commission, any state securities commission or other regulatory authority in the *United States*, nor has any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus as may be amended or supplemented from time to time. Any representation to the contrary is a criminal offence. Certain restrictions also apply to subsequent transfers of *units* in the *United States* or to *U.S. persons* (please see the compulsory redemption provisions under section 19 entitled "Restrictions and compulsory transfer and redemption" of the Prospectus). Should a *unitholder* become a *U.S. person* they may be subject to adverse tax consequences including without limitation

U.S. withholding taxes and tax reporting.

Applicants will be required to certify that they are not *U.S. persons* precluded from purchasing, acquiring or holding *units*.

U.S. Foreign Account Tax Compliance

Due to *U.S.* 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 *U.S.* investors who fall within the definition of Specified *U.S. 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 *U.S.* 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 information required 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.

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GLOSSARY

Please note not all terms in the 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.
Act	The Financial Services and Markets Act 2000.
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.
Approved Bank	As defined in the glossary of definitions to the FCA Handbook.
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	The United Kingdom version of Regulation (EU) No. 2016/1011 of the European Parliament and of 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 and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, which is part of UK law by virtue of the EUWA. as such regulation or directive apply in the UK from time to time including as retained, amended, extended, re-enacted or otherwise given effect on or after 11pm on 31 December 2020.
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 <i>mortgage-backed</i> .
Cash	Readily available non-invested assets held at a bank or other financial institution.
COLL Sourcebook	The rules contained in the Collective Investment Schemes Sourcebook published by the <i>FCA</i> as part of their handbook of rules made under the Financial Services and Markets Act 2000.

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 / 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.
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.
Dealing Day	Any day on which banks in London are open for business other than days (as determined by the <i>manager</i> 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. The days on which banks in London are open for business which are not <i>dealing days</i> will be available at the registered office of the <i>manager</i> and on the website at www.abrdn.com .
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 established in the <i>EEA</i> that satisfies the conditions necessary for it to enjoy the rights conferred by the <i>UCITS Directive</i> as implemented in the <i>EEA</i> .

Efficient Portfolio Management	The use of techniques or instruments to reduce risk or cost to the fund or to generate additional capital or income with a level of risk which is consistent with the risk profile of the fund and with the risk <i>diversification</i> rules laid down in the <i>COLL Sourcebook</i> .
Eligible Institution	One of certain <i>eligible institutions</i> (being a BCD credit institution authorised by its home state regulator or an MiFID investment firm authorised by its home state regulator, as defined in the glossary of definitions to the <i>FCA Handbook</i>).
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 <i>actively managed</i> funds.
Equity Related Securities	Instruments which share many or most of the characteristics of equities (company shares) such as P-Notes (participatory notes).
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, currency or market which may be expressed as a percentage of a fund.
FCA	The <i>Financial Conduct Authority</i> of 12 Endeavour Square, London E20 1JN.
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.
Free Hold/Lease Hold	The owner of the property owns it outright including the land its built on/The owner holds the property but not the land, on expiry of the lease the ownership returns to the <i>freeholder</i> .
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 Adviser	abrdrn Investment Management Limited.
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 <i>investment grade bonds</i> .
Leverage	An increase in <i>exposure</i> within a fund either through borrowing <i>cash</i> to fund asset purchases or the use of <i>derivatives</i> . In the case of the latter, <i>leverage</i> occurs because the <i>exposure</i> obtained by purchasing <i>derivatives</i> exceeds the <i>cash</i> cost of the <i>derivative</i> 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 <i>long position</i> refers to the ownership of an asset with the expectation that it will rise in value.
Long Term	Five or more years.
Manager	abrdrn Fund Managers Limited
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.
Net Asset Value or NAV	The value of the <i>scheme property</i> less the liabilities of the fund as calculated in accordance with the <i>trust deed</i> .
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.
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 <i>commercial</i> or residential <i>property</i> .
Regulated Activities Order	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544, as amended or re-enacted from time to time
Register of Unitholders	The register of <i>unitholders</i> of the fund.
Regulations	The FCA’s Handbook of Rules and Guidance made under the Act.
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 “ <i>roll</i> ”) 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.

Scheme Property	The property of the fund to be given to the <i>trustee</i> for safe-keeping, as required by the <i>COLL Sourcebook</i> .
SDRT	Stamp Duty Reserve Tax
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> .
Securitisation	The creation of a <i>bond</i> by combining the <i>cash</i> flows from multiple underlying assets into a single asset which can be bought or sold by investors.
Short Position	A <i>short position</i> 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	<i>Synthetic Risk and Reward Indicator</i> , 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	<i>Sub investment grade</i> bonds have a lower rating as judged by a <i>rating agency</i> than <i>investment grade bonds</i> and are thus judged to be more likely to default on their obligations to repay the loan and the interest.
Supranational	A <i>supranational bond</i> is one issued by a body which is composed of representatives of more than one nation. Such bodies include, for example, the European Central Bank or the World Bank.
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 <i>trust deed</i> constituting the fund dated 16 December 1998, as amended by subsequent supplemental <i>trust deeds</i> from time to time.
Trustee	The <i>trustee</i> and depositary of the fund, Citibank UK Limited.
UCITS Directive	Directive 2009/65/EC as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014.
UCITS scheme	A UK UCITS.
UK UCITS	An undertaking for collective investment in transferable securities established in the United Kingdom within the meaning of section 236A and 237 of the Financial Services and Markets Act 2000, as amended.

United States	The United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
Unit or Units	A <i>unit</i> or <i>units</i> in the fund which may be designated as different classes of <i>units</i> in the fund.
Unitholder	A holder of registered <i>units</i> in the fund.
U.S Person(s)	<p>Means a person who is in either of the following two categories:</p> <p>(a) a person included in the definition of "<i>U.S. person</i>" under Rule 902 of Regulation S under the <i>Securities Act</i>; or</p> <p>(b) a person excluded from the definition of a "<i>Non-United States person</i>" as used in Commodity Futures Trading Commission ("<i>CFTC</i>") Rule 4.7.</p> <p>For the avoidance of doubt, a person is excluded from this definition of <i>U.S. person</i> only if he or it is outside both the definition of "<i>U.S. person</i>" in Rule 902 and the definition of "<i>Non-United States person</i>" under CFTC Rule 4.7.</p> <p>"<i>U.S. person</i>" under Rule 902 generally includes the following:</p> <p>(a) any natural person resident in the <i>United States</i> (including U.S. residents temporarily residing abroad);</p> <p>(b) any partnership or corporation organised or incorporated under the laws of the <i>United States</i>;</p> <p>(c) any estate of which any executor or administrator is a <i>U.S. person</i>;</p> <p>(d) any trust of which any trustee is a <i>U.S. person</i>;</p> <p>(e) any agency or branch of a non-U.S. entity located in the <i>United States</i>;</p> <p>(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a <i>U.S. person</i>;</p> <p>(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the <i>United States</i>; and</p> <p>(h) any partnership or corporation if:</p> <p>(i) organised or incorporated under the laws of any non-U.S. jurisdiction; and</p> <p>(ii) formed by a <i>U.S. person</i> principally for the purpose of investing in securities not registered under the <i>Securities Act</i>, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the <i>Securities Act</i>) who are not natural persons, estates or trusts.</p>

Notwithstanding the preceding paragraph, "*U.S. person*" under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-*U.S. person* by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the *United States*; (ii) any estate of which any professional fiduciary acting as executor or administrator is a

U.S. person, if (A) an executor or administrator of the estate who is not a *U.S. person*

has sole or shared investment discretion with respect to the assets of the estate, and

(B) the estate is governed by non-*United States* law; (iii) any trust of which any professional fiduciary acting as trustee is a *U.S. person*, if a trustee who is not a *U.S. person* has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a *U.S. person*; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the *United States* and customary practices and documentation of such country; (v) any agency or branch of a *U.S. person* located outside the *United States* if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the *Securities Act*.

CFTC Rule 4.7 currently provides in the relevant part that the following persons are considered "*Non-United States persons*":

- (i) a natural person who is not a resident of the *United States*;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (iii) an estate or trust, the income of which is not subject to *United States* income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that *units* of participation in the entity held by persons who do not qualify as *Non-United States persons* or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten percent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as *Non-United States persons* in a pool with

	<p>respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's <i>regulations</i> by virtue of its participants being non-<i>United States</i> persons; or</p> <p>(v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the <i>United States</i>.</p>
VAT	Value added tax.
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.

1. THE FUND

- 1.1 The fund is an authorised *unit* trust, established under a *trust deed* dated 2 July 1998 (as amended) (the "*trust deed*"). The effective date of the authorisation order for the fund made by the Financial Services Authority (the predecessor of the *Financial Conduct Authority*) was 9 July 1998. The fund's *FCA* Product Reference Number is 186703.
- 1.2 The Head Office of the *manager* is at 280 Bishopsgate, London, EC2M 4AG, which is also the address in the United Kingdom for service on the fund of notices or other documents required or authorised to be served on it.
- 1.3 The base currency of the fund is Pounds Sterling.
- 1.4 *Unitholders* in the fund are not liable for the debts of the fund. *Unitholders* are not liable to make any further payment after they have paid the price on the purchase of *units*.
- 1.5 The fund has been established as a "*UCITS scheme*". Where any changes are proposed to be made to the fund the *manager* will assess whether the change is fundamental, significant or notifiable in accordance with rule 4.3 of the *COLL Sourcebook*. If the change is regarded as fundamental, *unitholder* approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to *unitholders*. If the change is regarded as notifiable, *unitholders* will receive suitable notice of the change.
- 1.6 A brief summary of the fund, including available *unit* classes, charges, minimum investment levels and distribution dates, is set out in Appendix 1.

2. INVESTMENT OBJECTIVES AND POLICIES OF THE FUND

2.1 Investment Objective

- 2.1.1 To generate growth over the *long term* (5 years or more) by investing in global equities (company shares).
- 2.1.2 *Performance target*: To exceed the ARC Private Client Indices (PCI) Equity Risk Net Return Index per annum after charges over *rolling* 3 year periods. The *performance target* is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the *performance target*.
- 2.1.3 The *manager* believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

2.2 Investment Policy

2.2.1 Portfolio Securities

- (a) The fund invests at least 70% in equities and *equity related securities* of companies listed on global stock exchanges.
- (b) The fund may also from time to time adopt temporary defensive positions in response to adverse market conditions and invest up to 10% in *bonds* (loans to companies or governments).
- (c) The fund may also invest in other funds (including those managed by abrdrn), *money-market instruments* and *cash*.

2.2.2 Management Process

- (a) The management team use their discretion (*active management*) to maintain a diverse asset mix at country, *sector* and stock level.
- (b) Their primary focus is on stock selection using research techniques to select individual holdings. The research process includes identifying companies where the management team have a different view of a company's prospects to that of the market or looking for high quality companies at attractive valuations that can be held for the *long term*.
- (c) In seeking to achieve the *performance target*, a composite index, details of which are provided below, 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 composite index, is not ordinarily expected to exceed 6%. Due to the fund's risk *constraints*, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the *longer term*.
 - *Composite Index*: 30% FTSE All-Share Index, 70% FTSE World ex UK Index.

2.2.3 Derivatives and Techniques

- (a) The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "*efficient portfolio management*").
- (b) *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.

2.2.4 Specific Risks (for more detail see Clause 37)

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

- (a) *Equity* risk
- (b) *Emerging markets* risk
- (c) China A/Stock Connect risk
- (d) *Derivatives* risk

2.2.5 Target Market

- (a) Investors with basic investment knowledge.
- (b) Investors who can accept large *short term* losses.
- (c) Investors wanting a return (growth) over the *longer term* (5 years or more).
- (d) The fund has specific and generic risks with a risk rating as per the *SRR/I* number, all detailed on the Key Investor Information Document.
- (e) For general sale to retail and professional investors through all distribution channels with or without professional advice.

3. MANAGEMENT AND ADMINISTRATION

3.1 The Manager ¹

The *manager* of the fund is abrdn Fund Managers Limited, which is a private company limited by shares, incorporated, under the Companies Acts on 7 November 1962 and is a wholly owned subsidiary of abrdn plc (formerly known as Standard Life Aberdeen plc), a company incorporated in Scotland.

The Directors of abrdn Fund Managers Limited are:

Directors

Adam Shanks

Aron Mitchell

Carolyn Dobson*

Denise Thomas

Emily Smart

Jamie Matheson*

Rowan McNay

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

THE MAIN BUSINESS ACTIVITIES OF THE DIRECTORS NOT CONNECTED WITH

¹abrdn Fund Managers Limited was appointed as the Manager of the Fund with effect from 23:59 on 10 December 2018. Before this time the Manager of the Fund was Standard Life Investments (Mutual Funds) Limited.

THE BUSINESS OF THE MANAGER:

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

The *manager* is authorised and regulated by the *Financial Conduct Authority*.

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 (ie the processing of applications for sales, redemptions, conversions and switches, servicing investor requests and enquiries relating to the fund).

The Manager's Remuneration Policy

In accordance with the *regulations*, the *manager* has approved and adopted a UCITS Directive Remuneration Policy Statement in conjunction with a remuneration policy established and implemented by the *manager* and other associated companies (together, the "Remuneration Policy").

The *manager* believes the UCITS Directive Remuneration Policy Statement is consistent with the UCITS Remuneration Code; is consistent with, and promotes sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profile of the fund or the *trust deed*; and does not impair compliance of the *manager's* duty to act in the best interests of the fund and the *unitholders*. The *manager* believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce.

The Remuneration Policy has been designed to:

- align the interests of staff with the sustained *long-term* interests of the *manager*, the fund, the business, *unitholders*, and other stakeholders;
- focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside the risk appetite of the *manager* and/or associated companies and funds;
- promote sound risk management and discourage risk taking that exceeds the level of tolerated risk by the *manager* and/or associated companies, having regard to the investment profiles of funds;

- incorporate measures to avoid conflicts of interest; and
- offer fixed remuneration and award incentives which are reasonable and competitive within the asset management sector.

A Remuneration Committee has been established that operates on a group-wide basis. The Remuneration Committee is responsible for:

- Approving the Remuneration Policy;
- Approving the remuneration packages of senior executives;
- Determining the size of any annual variable pay pool;
- Approving the design of incentive plans; and
- Considering the recruitment and redundancy of certain employees.

Details of the up-to-date UCITS Directive Remuneration Policy Statement, including, but not limited to, a description of how remuneration and benefits are calculated, and the identity of the persons responsible for awarding remuneration and benefits including the composition of the remuneration committee, is available at www.abrdn.com. A paper copy is made available free of charge upon request at the *manager's* registered office.

3.2 Registered office and head office

280 Bishopsgate
London
EC2M 4AG

Share Capital: Issued: £738,550
Paid up: £738,550

Registered in England, Company Number 00740118.

The *manager* is responsible for managing and administering the fund affairs in compliance with the *COLL Sourcebook*. The *manager* may delegate its management and administration functions to third parties including associates subject to the *COLL Sourcebook*. The *manager* has delegated the investment management of the fund and preparation of marketing material to the *investment adviser*, certain of the registrar's operational duties to SS&C Financial Services International Limited ("SS&C Limited") and also certain administration functions to SS&C Financial Services Europe Limited, which was until 31 March 2020 known as DST Financial Services Europe Limited ("SS&C Europe") and SS&C Limited, which was until 31 March 2020 known as DST Financial Services International Limited (together "SS&C"). The *investment adviser* is an associate of the *manager*.

3.3 Other funds managed by the Manager

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

Aberdeen Property ICVC *
abrdn OEIC I ²
abrdn OEIC II ³
abrdn OEIC III ⁴
abrdn OEIC IV ⁵
abrdn OEIC V ⁶
abrdn OEIC VI ⁷
abrdn OEIC VII ⁸
abrdn UK Real Estate Fund ICVC ⁹
Global Managers Investment Company *

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

Aberdeen Capital Trust *
Aberdeen Property Unit Trust *
abrdn Balanced Bridge Fund ¹⁰
abrdn Bridge Fund ¹¹
abrdn Merlin Fund ¹²
abrdn Phoenix Fund ¹³
abrdn Unit Trust I ¹⁴
abrdn Dynamic Distribution Fund ¹⁵
abrdn Global Absolute Return Strategies Fund ¹⁶
abrdn Global Real Estate Fund ¹⁷
abrdn Strategic Investment Allocation Fund ¹⁸
abrdn Global Strategic Bond Fund ¹⁹
abrdn (Lothian) Active Plus Bond Trust ²⁰
abrdn (Lothian) European Trust ²¹
abrdn (Lothian) European Trust II ²²
abrdn (Lothian) Global Equity Trust II ^{23*}
abrdn (Lothian) International Trust ²⁴
abrdn (Lothian) Japan Trust ²⁵
ASI (Standard Life) Multi-Asset Trust *

² This fund was previously known as Aberdeen Standard OEIC I

³ This fund was previously known as Aberdeen Standard OEIC II

⁴ This fund was previously known as Aberdeen Standard OEIC III

⁵ This fund was previously known as Aberdeen Standard OEIC IV

⁶ This fund was previously known as Aberdeen Standard OEIC V

⁷ This fund was previously known as Aberdeen Standard OEIC VI

⁸ This fund was previously known as Aberdeen Standard OEIC VII

⁹ This fund was previously known as Standard Life Investments UK Real Estate Funds ICVC

¹⁰ This fund was previously known as Aberdeen Standard Capital Balanced Bridge Fund

¹¹ This fund was previously known as Aberdeen Standard Capital Bridge Fund

¹² This fund was previously known as Aberdeen Standard Capital Merlin Fund

¹³ This fund was previously known as Aberdeen Standard Capital Phoenix Fund

¹⁴ This fund was previously known as Aberdeen Standard Unit Trust I

¹⁵ This fund was previously known as ASI Dynamic Distribution Fund

¹⁶ This fund was previously known as ASI Global Absolute Return Strategies Fund

¹⁷ This fund was previously known as ASI Global Real Estate Fund

¹⁸ This fund was previously known as ASI Strategic Investment Allocation Fund

¹⁹ This fund was previously known as ASI (SLI) Strategic Bond Fund

²⁰ This fund was previously known as ASI (Standard Life) Active Plus Bond Trust

²¹ This fund was previously known as ASI (Standard Life) European Trust

²² This fund was previously known as ASI (Standard Life) European Trust II

²³ This fund was previously known as ASI (Standard Life) Global Equity Trust II

²⁴ This fund was previously known as ASI (Standard Life) International Trust

²⁵ This fund was previously known as ASI (Standard Life) Japan Trust

abrdn (Lothian) North American Trust ²⁶
 abrdn (Lothian) Pacific Basin Trust ²⁷
 abrdn (Lothian) Short Dated UK Government Bond Trust ²⁸
 abrdn (Lothian) UK Corporate Bond Trust ²⁹
 abrdn (Lothian) UK Equity General Trust ³⁰
 abrdn (Lothian) UK Government Bond Trust ³¹
 abrdn MT ³²
 abrdn UK Real Estate Trust ³³
 Standard Life Global Equity Trust *
 Standard Life Investments Ignis European Growth Fund *
 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:

abrdn ACS I ³⁴

* These funds are in the process of being wound up

4. THE TRUSTEE

The *trustee* and the depository of the fund is Citibank UK Limited ³⁵. 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., incorporated in New York, USA.

4.1 Terms of appointment

- 4.1.1 The appointment of the *trustee* as depository of the fund was originally made under an agreement dated 18 March 2016. 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 "Depository Agreement").
- 4.1.2 Under the terms of the Depository Agreement the assets of the fund have been entrusted to the *trustee* for safekeeping.
- 4.1.3 The key duties of the *trustee* consist of:
- (i) *Cash* monitoring and verifying the fund's *cash* flows;
 - (ii) Safekeeping of the *scheme property*

²⁶ This fund was previously known as ASI (Standard Life) North American Trust

²⁷ This fund was previously known as ASI (Standard Life) Pacific Basin Trust

²⁸ This fund was previously known as ASI (Standard Life) Short Dated UK Government Bond Trust

²⁹ This fund was previously known as ASI (Standard Life) UK Corporate Bond Trust

³⁰ This fund was previously known as ASI (Standard Life) UK Equity General Trust

³¹ This fund was previously known as ASI (Standard Life) UK Government Bond Trust

³² This fund was previously known as ASIM Trust

³³ This fund was previously known as Standard Life Investments UK Real Estate Trust

³⁴ This fund was previously known as Aberdeen Standard ACS I

³⁵ Citibank Europe plc, UK Branch was replaced as trustee and depository of the fund with effect from 00.01 on 23 October 2021.

- (iii) 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*;
- (iv) Ensuring that in transactions involving *scheme property* any consideration is remitted to the fund within the usual time limits;
- (v) Ensuring that the fund's income is applied in accordance with the *trust deed*, the Prospectus, applicable law, rules and *regulations*; and
- (vi) Carrying out the instructions of the *manager* unless they conflict with the *trust deed*, the Prospectus or applicable laws, rules or *regulations*.

To the extent permitted by the *COLL Sourcebook* and applicable law, rules and regulations the *Manager* on behalf of the fund will indemnify the *trustee* (or its associates) against the costs, charges, losses and liabilities incurred by the *trustee* (or its associates) in the proper execution or exercise (reasonably and in good faith) of its duties, powers, authorities, discretions and responsibilities in respect of the fund, except where the *trustee* is liable owing to it being at fault under the terms of the Depositary Agreement.

4.1.4 The Depositary Agreement provides that the appointment of the *trustee* may be terminated by either the *manager* or the *trustee* on not less than 90 days' prior written notice to the other party. Termination cannot take effect until a successor trustee and depositary has been appointed.

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

4.2 Delegation

4.2.1 Under the Depositary Agreement, the *trustee* has the power to delegate its safekeeping functions.

4.2.2 As at the date of this Prospectus, the *trustee* has entered into a written agreement delegating the performance of its safekeeping function in respect of certain of the fund's assets to Citibank N.A., London Branch (the "Custodian"). The sub-delegates that have been appointed by the Custodian as at the date of this Prospectus are set out in Appendix 6.

4.2.3 The Custodian is entitled to receive reimbursement of the Custodian's fees as an expense of the fund (see "Other Fees and Expenses" 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.

4.3 Liability of the Trustee

4.3.1 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:

- (i) The event which has led to the loss is not the result of any act or omission of the *trustee* or of a third party;
- (ii) 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 trustee and depositary as reflected in common industry practice;
- (iii) Despite rigorous and comprehensive due diligence, the *trustee* could not have prevented the loss.

4.3.2 In the case of loss of a financial instrument by the *trustee*, or by a third party, the *trustee* is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay unless 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.

4.3.3 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*. The use of securities settlement systems does not constitute a delegation by the *trustee* of its functions.

4.4 Conflict of Interest

4.4.1 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 *regulations* and its duties to the *trustee* and the *manager*.

4.4.2 There may also be conflicts arising between the *trustee*, the fund, the *unitholders* 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.

4.5 *Unitholders* may request an up to date statement from the *manager* regarding (i) the *trustee's* name; (ii) the *trustee's* duties and the conflicts of interest that may arise between the *trustee* and the fund, the *unitholders* or the *manager*; and (iii) any safekeeping functions delegated by the *trustee*, a description of any conflicts of interest that may arise from such delegation and a list showing the identity of each delegate and sub-delegate.

4.6 Trustee's Data Protection Policy

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

4.6.2 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.

4.6.3 Any *unitholder* 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.

5. THE INVESTMENT ADVISER

The *manager* has appointed abrdn Investment Management Limited (which is an associate of the *manager*) (formerly known as Standard Life Investments Limited) as *investment adviser*, to provide discretionary management services to the *manager* and prepare marketing literature for the fund.

5.1 Registered office

The registered office of the *investment adviser* is at 1 George Street, Edinburgh, EH2 2LL.

5.2 Principal business activity

The principal activity of the *investment adviser* is discretionary investment management. The *investment adviser* is authorised and regulated by the *Financial Conduct Authority*.

5.3 Terms of agreement

- 5.3.1 The *investment adviser* has been appointed under an investment management agreement (the "Investment Management Agreement") made between the *manager* and the *investment adviser* dated 19 October 2010, as amended, and with effect from 28 September 2013 to provide discretionary management services in respect of the fund.
- 5.3.2 The Investment Management Agreement will reflect any requirements of the *regulations* relating to termination and otherwise can be terminated on not less than 3 months' notice.
- 5.3.3 The *investment adviser* has full authority to make all investment decisions on behalf of the *manager* concerning the scheme property of the fund which is managed by it. The Investment Management Agreement gives the *investment adviser* the discretion to appoint specialist asset management companies either from within or outwith the abrdn group as investment managers in order to benefit from their expertise and experience.
- 5.3.4 The *manager* also employs the *investment adviser* to perform certain activities involving valuation, pricing, dealing and other back office functions. The *investment adviser* is permitted to sub-delegate these functions to other persons.
- 5.3.5 The *investment adviser* has sub-delegated responsibility for strategic asset allocation, tactical asset allocation, portfolio construction and implementation to abrdn Capital Limited (formerly known as Aberdeen Standard Capital Limited). abrdn Capital Limited is authorised and regulated by the *Financial Conduct Authority*. It is in the same group of companies as the *investment adviser* and the *manager*.
- 5.3.6 The *investment adviser* is in the same group of companies as the *manager*. The *manager* discharges, at its own expense out of the aggregate revenue received by it in respect 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 their services.

6. THE REGISTRAR, REGISTER OF UNITHOLDERS, TRANSFER AGENCY, ASSOCIATED CHARGES, ETC.

The register of *unitholders* is held by SS&C Financial Services Europe Limited.

The *register of unitholders* is kept and may be inspected during normal office hours at the offices of SS&C Financial Services Europe Limited at SS&C House, St Nicholas Lane, Basildon, Essex, SS15 5FS by any *unitholder* or any *unitholder's* duly authorised agent.

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

7. THE AUDITOR

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

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

8. WINDING UP OF THE FUND

8.1 The fund shall be wound up if the order declaring it to be an authorised *unit* trust scheme is revoked, if the *FCA* determines to revoke the order at the request of the *trustee* on the effective date of a duly approved amalgamation of the fund with another authorised unit trust scheme or a recognised scheme (as defined in the Act), or on the effective date of a duly approved scheme of arrangement which is to result in the fund being left with no property.

8.2 The fund may be wound up under the *COLL Sourcebook* if:

- 8.2.1 an extraordinary resolution to that effect is passed by *unitholders*; or
- 8.2.2 the period (if any) fixed for the duration of the fund by the *trust deed* expires, or the event (if any) occurs on the occurrence of which the *trust deed* provides that the fund is to be wound up (for example, if the capital of the fund is below its prescribed minimum); or
- 8.2.3 on the date of effect stated in any agreement by the *FCA* to a request by the *manager* for the revocation of the authorisation order in respect of the fund.

8.3 On the occurrence of any of the above:

- 8.3.1 *COLL 5* (Investment and Borrowing Powers), *COLL 6* (in relation to dealing and valuation and pricing) of the *regulations*, concerning Investment and Borrowing Powers and Pricing and Dealing will cease to apply;
- 8.3.2 the fund will cease to issue and cancel *units* in the fund and the *manager* shall cease to sell or redeem *units* or arrange for the fund to issue or cancel them for the fund;
- 8.3.3 no transfer of a *unit* shall be registered and no other change to the register shall be made without the sanction of the *manager*;
- 8.3.4 where the fund is being wound up, the fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the fund; and
- 8.3.5 the powers of the fund and, subject to the provisions of sections 8.3.1 to 8.3.4 above, the powers of the *manager* shall remain until the fund is dissolved.

8.4 The *trustee* shall, as soon as practicable after the fund falls to be wound up, realise the assets and meet the liabilities of the fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, make one or more interim distributions out of the proceeds to *unitholders* proportionately to their rights to

participate in the *scheme property*. When the *trustee* has caused all of the *scheme property* to be realised and all of the liabilities of the fund to be realised, the *trustee* shall also make a final distribution to *unitholders* on or prior to the date on which the final account is sent to *unitholders* of any balance remaining in proportion to their holdings in the fund.

- 8.5 As soon as reasonably practicable after completion of the winding up of the fund, the *trustee* shall notify the *FCA* in writing that it has done so and the *trustee* or the *manager* shall request the *FCA* to revoke the order of authorisation.
- 8.6 On completion of a winding up of the fund, the fund will be dissolved and any money (including unclaimed distributions) standing to the account of the fund, will be paid into court within one month of dissolution.
- 8.7 Following the completion of a winding up of the fund, the *trustee* must prepare a final account showing how the winding up took place and how the *scheme property* was distributed. The auditors of the fund shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the *FCA*, to each *unitholder* and, in the case of the winding up of the fund, to the *FCA* within four months of the termination of the winding up.

9. CHARACTERISTICS OF UNITS IN THE FUND

The nature of the right represented by *units* is that of a beneficial interest under a fund.

10. CLASSES OF UNITS WITHIN THE FUND

- 10.1 One or more class(es) of *unit(s)* may be created in respect of the fund. The *trust deed* permits the issue of Income *units*, Accumulation *units*, P *units* (Net Income), P *units* (Net Accumulation), Z *units* (Net Income) and Z *units* (Net Accumulation). Currently Income *units*, Accumulation *units*, Z *units* (Net Income) and Z *units* (Net Accumulation) are in issue. Further detail on the classes of *unit(s)* currently in issue are set out in Appendix 1 to this Prospectus.
- 10.2 An Income *unit* is a *unit* available to any retail investor or any institutional investor. The minimum initial investment in Income *units* is £100,000 and the minimum subsequent investment is £50,000.
- 10.3 An Accumulation *unit* is a *unit* available to any retail investor or any institutional investor. The minimum initial investment in Accumulation *units* is £100,000 and the minimum subsequent investment is £50,000.
- 10.4 Z *units* (Net Income) and Z *units* (Net Accumulation) are *units* available exclusively to investors who are clients of abrdn Capital Limited or abrdn Capital International Limited (formerly known as Aberdeen Standard Capital Limited) and who have made specific fee arrangements with abrdn Capital Limited or abrdn Capital International Limited under a separate investment management agreement with abrdn Capital Limited or abrdn Capital International Limited. There is no specific minimum initial investment level but such investors may be subject to minimum account maintenance or other qualifications established from time to time by the *investment adviser* or its associates.

- 10.5 Holders of *units* (of whatever class) in respect of which income allocated to those *units* is distributed periodically under *FCA regulations* net of any tax deducted or accounted for by the fund are entitled to be paid the net income attributed to such *units* on the relevant interim and annual allocation dates. *Cash* distributions of income are made in respect of such *units*. Net income is distributed to *unitholders* and the price of *units* will be adjusted accordingly on the ex-dividend date.
- 10.6 Holders of *units* (of whatever class) in respect of which income allocated to such *units* is credited periodically to capital under *FCA regulations* are not entitled to be paid the income attributable to such *units*. Rather any income allocated to such *units* is attributed periodically to the relevant *unit* class on the relevant interim and/or annual accounting dates in accordance with the *trust deed* net of any tax deducted or accounted for by the fund and is reflected in the price of the relevant *units*.
- 10.7 Investment in *unit(s)* is restricted to meeting certain requirements ("*unit* Class Restrictions") as set out in Appendix 1.
- 10.8 The *manager* has the right to waive the *unit* Class Restrictions for any class of *unit* in the fund at any time.
- 10.9 Each class may attract different charges and expenses and so monies may be deducted from classes in unequal proportions. In these circumstances the proportionate interests of the classes will be adjusted accordingly.
- 10.10 When available, *unitholders* are entitled (subject to the *unit* Class Restrictions and certain other requirements) to convert all or part of their *units* in a class for *units* in another class.

11. EVIDENCE OF TITLE

Title to *units* held in the fund will be evidenced by an entry in the *register of unitholders*. The fund does not issue certificates as evidence of title.

12. UNIT CONVERSIONS

- 12.1 *Unitholders* 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*.
- 12.2 Conversions will be effected by the *manager* recording the change of class on the Register.
- 12.3 Conversions may not be effected by the *manager* until the next valuation point (as described at section 14.1 below) following receipt of instructions to convert from a *unitholder* 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*.
- 12.4 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.
- 12.5 The *manager* may, upon appropriate notice to affected *unitholders*, effect a compulsory conversion of *units* in one *unit* class of the fund for another unit 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 affected *unitholders*. 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 *unitholders* 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 *unitholders* to better value *unit* classes or for the consolidation of *unit* classes.

13. UNITHOLDER MEETINGS AND VOTING RIGHTS

13.1 Requisitions of meetings

- 13.1.1 The *manager* or *trustee* may requisition a general meeting at any time.
- 13.1.2 *Unitholders* may also requisition a general meeting of the fund. A requisition by *unitholders* must state the objects of the meeting, be dated, be signed by *unitholders* who, at the date of the requisition, are registered as holding not less than one-tenth in value of all *units* then in issue (excluding the *manager*) and the requisition must be deposited at the head office of the fund. The *manager* must convene a general meeting no later than eight weeks after receipt of such requisition.
- 13.1.3 A meeting of *unitholders* duly convened and held may, by extraordinary resolution require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the *COLL Sourcebook*, but shall not have any other powers.

13.2 Notice of quorum

Unitholders will receive at least 14 days' notice of any meeting of *unitholders* and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy or in the case of a body corporate by a duly authorised representative. The quorum for a meeting is two *unitholders*, present in person or by proxy. The quorum for an adjourned meeting is one *unitholder* present in person or by proxy. Notices of Meetings and adjourned meetings will be sent to *unitholders* at their registered addresses.

13.3 Voting rights

- 13.3.1 At a meeting of *unitholders*, on a show of hands every *unitholder* who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.
- 13.3.2 On a poll vote, a *unitholder* may vote either in person or by proxy (who need not be a *unitholder*). The voting rights attaching to each *unit* are such proportion of the voting rights attached to all the *units* in issue that the price of the *unit* bears to the aggregate price(s) of all the *units* in issue at the date seven days before the notice of meeting is deemed to have been served.
- 13.3.3 A *unitholder* 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.

- 13.3.4 Any resolution required by the *COLL Sourcebook* will be passed by a simple majority of the votes validly cast for and against the resolution, except where the *COLL Sourcebook* or the *trust deed* require an extraordinary resolution. An extraordinary resolution must be carried by a majority of not less than 75 per cent of the votes cast at a meeting if the resolution is to be passed.
- 13.3.5 Where every *unitholder* is prohibited under *COLL 4.4.8R(4)* from voting, a resolution may, with the prior written agreement of the *trustee*, instead be passed with the written consent of *unitholders* representing 50% or more, or for an extraordinary resolution 75% or more, of the *units* in issue.
- 13.3.6 Neither the *manager* nor any associate of the *manager* shall be entitled to vote at any meeting of *unitholders* except that such an associate may vote in respect of *units* which he holds as bare trustee or nominee on behalf of the person from whom he has received voting instructions. At any meeting of *unitholders*, on a show of hands, every *unitholder* present in person or by proxy, or if a corporation, by one of its officers as its proxy, shall have one vote.
- 13.3.7 Except in respect of *units* in the fund which are participating securities, in the context of despatch of notice and in the context of voting, "*unitholders*" means the persons who are entered on the *register of unitholders* seven days before the notice of meeting was deemed to have been served but excluding persons who are known to the *manager* not to be *unitholders* at the time of the meeting. Where any *unit* is a participating security "*unitholders*" means the persons entered on the *register of unitholders* at the close of business on a day to be determined by the *manager* which must not be more than 21 days before the notices of the meeting was deemed to have been served.

13.4 Class meetings

The above provisions, unless the context otherwise requires, apply to class meetings as they apply to general meetings of *unitholders*.

13.5 Variation of class rights

The rights attached to a class may not be varied in a manner that may materially prejudice *unitholders* in that class without the sanction of an extraordinary resolution passed at a meeting of *unitholders* of that class.

14. VALUATIONS

- 14.1 The price of a *unit* in the fund is calculated by reference to the *net asset value* of the fund. *units* in the fund are single priced. The *net asset value* per *unit* is currently calculated at 12 noon on every *dealing day* ("the valuation point").
- 14.2 The *manager* may at any time during a *dealing day* carry out additional valuations of the *scheme property* if it considers it desirable to do so.

15. DETERMINATION OF NET ASSET VALUE

The *net asset value* of the fund will be determined in accordance with the *COLL Sourcebook*. The value of the *scheme property* shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

15.1 All *scheme property* (including receivables) is to be included, subject to the following provisions;

15.2 Property which is not *cash* (or other assets dealt with in point 15.3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

15.2.1 *units* or shares in a collective investment scheme:

- (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 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, at a value which, in the opinion of the *manager*, is fair and reasonable;

15.2.2 any other transferable security;

- (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, at 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, at a value which, in the opinion of the *manager*, is fair and reasonable;

15.2.3 Property other than that described in 15.2.1 and 15.2.2 above, at a value which, in the opinion of the *manager*, represents a fair and reasonable mid-market price.

15.3 *Cash* and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

15.4 Property which is a contingent liability transaction shall be treated as follows:

15.4.1 if a written option, (and the premium for writing the option has become part of the *scheme property*), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange *derivative* the method of valuation shall be agreed between the *manager* and the *trustee*;

15.4.2 if an off-exchange *future*, include at the net value of closing out in accordance with a valuation method agreed between the *manager* and the *trustee*;

15.4.3 if any other form of contingent liability transaction, include at the net value of

margin on closing out (whether as a positive or negative value). If the property is an off-exchange *derivative*, the method of valuation shall be agreed between the *manager* and the *trustee*.

- 15.5 In determining the value of the *scheme property*, all instructions given to issue or cancel *units* shall be assumed (unless the contrary is shown) to have been carried out (and any *cash* paid or received) whether or not this is the case.
- 15.6 Subject to sections 15.7 and 15.8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the *manager*, their omission shall not materially affect the final net asset amount.
- 15.7 *Futures* or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased *options* shall not be included under section 15.6.
- 15.8 All agreements are to be included under section 15.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 15.9 Deduct an estimated amount for anticipated tax liabilities in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, *VAT*, stamp duty and *stamp duty reserve tax*.
- 15.10 Deduct an estimated amount for any liabilities payable out of the *scheme property* and any tax thereon treating periodic items as accruing from day to day.
- 15.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 15.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 15.13 Add any other credits or amounts due to be paid into the *scheme property*.
- 15.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 15.15 Currencies or values in currencies other than the base currency 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.
- 15.16 Unreliable or stale pricing may occur if new price-sensitive information arises when securities exchanges are closed due to local exchange opening hours or public holidays. Unreliable or stale pricing may also occur as a result of events such as significant market movement in similar markets or industries, natural disasters or government actions.
- 15.17 The *manager* through its Fair Value Pricing Committee, may make a fair and reasonable price adjustment (Fair Value Price Adjustment) to the *net asset value* with the aim of producing the 'fairest' dealing price and to protect the interests of all existing and prospective investors.

16. CHARGES AND EXPENSES

All fees or expenses payable out of the scheme property are set out in this section.

16.1 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 1 plus 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 fund 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 1.

The Annual Management Charge may only be increased by the Manager in accordance with the *COLL Sourcebook*.

16.2 General Administration Charge

16.2.1 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 regulations* in respect of 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 *Financial Conduct Authority* and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom 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 *Financial Conduct Authority's* requirements under the *FCA regulations*. 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 regulations*, such as notice on the website and in the next report and accounts of the relevant 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 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 this is set out for the fund in Appendix 1.

16.3 Other Fees and Expenses

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

- (a) fees and expenses incurred by the Custodian (as set out in "Trustee" section);
- (b) dilution levy/adjustment, broker commission, fiscal charges (including stamp duty, asset spread, other transactional costs) and 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 COLL Sourcebook, (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 value added or similar tax applicable to any of the other payments in this section; and
- (m) any other charges or expenses which may be taken out of the scheme property in accordance with the COLL Sourcebook.

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.

Expenses not directly attributable to a fund will be allocated between the fund.

16.4 Initial charges

- 16.4.1 In payment for its services, the *manager* currently receives an initial charge as set out in Appendix 1.
- 16.4.2 The initial charge, annual management charge or registration charges may be increased only after the *manager* has given at least 60 days written notice to the *trustee* and to *unitholders* or to all persons who ought reasonably to be known to the *manager* to have made arrangement for the purchase of *units* at regular intervals and only after the *manager* has revised the Prospectus to reflect the proposed increase and its commencement date.

17. DILUTION ADJUSTMENT

- 17.1 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,
- 17.2 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 relevant fund, the *FCA's regulations* 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.
- 17.3 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* fund, 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.
- 17.4 The *manager's* policy will be to normally impose a Dilution Adjustment where there are net inflows or outflows on any given day, where the estimated potential cost to the fund justifies its application.
- 17.5 The Dilution Adjustment may also be charged:
- 17.5.1 where the fund is in continual decline;
 - 17.5.2 on the fund experiencing large levels of net sales relative to its size;
 - 17.5.3 in any other case where the *manager* is of the opinion that the interests of *unitholders* require imposition of a Dilution Adjustment.
- 17.6 Where a Dilution Adjustment applies to the fund at a valuation point:
- 17.6.1 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
 - 17.6.2 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.
- 17.7 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 2021 to 31 December 2021.

The table below sets out recently estimated rates as at 31 December 2021.

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 Falcon Fund	0.21	0.07	0

18. ISSUE AND REDEMPTION OF UNITS

18.1 The *manager* may arrange for the fund to issue or redeem *units* in exchange for assets other than money, but will only do so where the *trustee* is satisfied that the fund's acquisition or redemption of those assets in exchange for the *units* concerned is not likely to result in any material prejudice to the interests of *unitholders*.

18.2 In relation to the issue of *units*, the *manager* will ensure that the beneficial interest in the assets is transferred to the fund with effect from the issue of the *units*.

18.3 The *manager* will not issue *units* in exchange for assets the holding of which would be inconsistent with the investment objective of the fund

19. RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION

19.1 The *manager* may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no *units* are acquired or held by any person in circumstances:

19.1.1 which may constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory including, without limitation, any applicable exchange control regulation or by a *U.S. person*; or

19.1.2 which would (or would if other shares were acquired or held in like circumstances) result in the fund incurring any liability to taxation, withholding tax or suffering any other adverse consequence (including a requirement to register under any securities, investment or similar laws or governmental regulation of any country or territory).

- 19.2 In this connection, if it comes to the notice of the *manager* that any *units* ("affected *units*") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to in sections 19.1.1 and 19.1.2 or if the *manager* reasonably believes this to be the case, the *manager* may, give notice to the *unitholder* of the affected *units* requiring the *unitholder* to transfer such *units* to a person who is qualified or entitled to own such *units* or to give a request in writing for the redemption or cancellation of such *units* in accordance with the *regulations*. If any person on whom such notice is served pursuant to this section does not within thirty days after the date of such notice transfer his *units* to a person qualified to hold the same, or establish to the satisfaction of the *manager* (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected *units* are qualified and entitled to hold *units*, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the *manager*) of the affected *units* pursuant to the *regulations*.
- 19.3 A person who becomes aware that he has acquired or holds affected *units*, whether beneficially or otherwise in any of the relevant circumstances referred to in sections 19.1.1 and 19.1.2 shall immediately, unless he has already received such a notice pursuant to section 19.2, either transfer or procure the transfer of all the affected *units* to a person qualified to own the same or give a request in writing or procure that a request is so given for the redemption or cancellation of all the affected *units* pursuant to the *regulations*.

20. EQUALISATION AND GROUPING FOR EQUALISATION

Income equalisation applies in relation to the fund.

- 20.1 Part of the purchase price of a *unit* in the fund reflects accrued income received or to be received in the current distribution period. This is a capital amount and equalisation payments are made to *unitholders* on the first distribution date following the purchase of their *units* and represent the return of the amount included in the purchase price of those *units* in respect of accrued income to the date of purchase which is repaid to the investor as capital.
- 20.2 The *trust deed* permits the *manager* to group *units* over each interim or annual accounting period. The total amount of equalisation included in the price of *units* issued during such a grouping period may be *averaged*, so that investors will receive the same amount of equalisation per *unit* for each *unit* purchased by them during the relevant grouping period.

21. ALLOCATION AND ACCUMULATION OF INCOME

- 21.1 Allocations of income are made in respect of the income available for allocation in each accounting period.
- 21.2 The *trustee* shall allocate the amount of income available to *units* in issue at the end of the relevant accounting period.

- 21.3 Holders of *units* (of whatever class) in respect of which income allocated to those *units* is distributed periodically under *FCA regulations* net of any tax deducted or accounted for by the fund are entitled to be paid the net income attributed to such *units*. Income will be paid directly to the bank or building society account of the holders of such *units* or by such other method as determined by the *manager* two (2) *dealing days* before 30 April (annual) and 31 October (interim). The relevant distribution dates are also shown in Appendix 1. If the holders of such *units* do not provide bank or building society details, income will be automatically reinvested to purchase further *units*.
- 21.4 Holders of *units* (of whatever class) in respect of which income allocated to such *units* is credited periodically to capital under *FCA regulations* will not receive income distributions since income received is retained within the fund and reflected in the price of their *units*. This process will add to the value of the *units* whilst the number of *units* held will not be increased. A tax voucher is despatched in respect of each notional distribution on such *units*.
- 21.5 A reinvestment facility is available. If a distribution remains unclaimed for a period of six years after it has become due it will be forfeited and will revert to the fund.
- 21.6 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the fund in respect of that period, deducting all payments properly paid or payable out of the income account in respect of that accounting period and adding the *manager's* best estimate of any relief from tax on that remuneration and those other payments. The *manager* then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the *manager* considers appropriate after consulting the auditor.

22. ACCOUNTING DATES

The accounting reference date for the fund is 28 February (29 February in a leap year) in each year and the interim accounting date is 31 August in each year. The income distribution dates are 2 *dealing days* before both 30 April (annual) and 31 October (interim).

23. PURCHASE AND REDEMPTION OF UNITS

- 23.1 Investors may apply to the *manager* on any normal *dealing day* between the hours of 9.00 am and 5.30 pm in writing or by telephone (although the request must be confirmed in writing) to purchase or redeem *units*. The *trustee*, the *manager*, the auditors or any *investment adviser* or any associates of any of them (each an "affected person") will not be liable 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:

- 23.1.1 the dealing in *units* of the fund; or

- 23.1.2 their part in any transaction for the supply of services permitted by the *COLL Sourcebook*; or
- 23.1.3 their dealing in property equivalent to any owned by (or dealt in for the account of) the *trustee*.
- 23.2 *Units* will be purchased or redeemed at the price calculated at the next valuation point following receipt of the request for purchase or redemption in accordance with the *COLL Sourcebook*. In the case of deals transacted after the relevant valuation point on a *dealing day*, *units* will normally be purchased where applicable or redeemed at the prices calculated in accordance with the *COLL Sourcebook* by reference to the next valuation point ("Forward Prices").
- 23.3 The *manager* may from time to time make an online service for viewing transactions and valuations available to *unitholders*. More information about this can be found at www.abrdn.com
- 23.4 *Units* can be purchased or redeemed by sending a completed application form to the *manager* or by telephoning the *manager* on 0345 113 6966 (or +44 (0)1268 44 5488 if outwith the UK), although the request must be confirmed in writing. Application forms may be obtained from the *manager*.
- 23.5 If applying in writing, investors' cheques should accompany their applications. All purchases of *units* will be acknowledged by a contract note giving details of the *units* purchased and the price used. The contract note will be issued by the end of the *dealing day* following the later of (1) receipt of the application to purchase *units* or (2) the valuation point by reference to which the purchase price is determined. Where appropriate (typically where advice has been received from, a qualified financial adviser), a notice of the applicant's right to cancel will also be issued with the contract note.
- 23.6 In the case of telephone applications, payment is due immediately on receipt of the contract note. Cheques should be made payable to abrdn Fund Managers Limited.
- 23.7 *unit* certificates are not issued in respect of the fund. Ownership of *units* will be evidenced by an entry on the fund's *register of unitholders*. Statements in respect of periodic distributions on *units* will show the number of *units* held by the recipient. Individual statements of a *Unitholder's* (or, when *units* are jointly held, the first named holder's) *units* will also be issued at any time on request by the registered *unitholder*.
- 23.8 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.

- 23.9 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.
- 23.10 On the sale of *units*, the register will be updated and the relevant holdings removed. Cheques (or for *unitholders* of Exempt *units* (Net Accumulation) telegraphic transfers) in satisfaction of the redemption monies will be issued no later than the Settlement Date.
- 23.11 Where the 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.
- 23.12 A *unitholder* may redeem a part of his holding but the *manager* may refuse to accept such a redemption request or require the entire holding to be sold if by doing so the residual value of the *units* remaining in the holding would be less than the minimum initial investment requirement. The minimum initial investment is £100,000 and £50,000 for subsequent investments. These limits may be waived at the *manager's* discretion.
- 23.13 Where a *unitholder* requests a redemption of *units* representing not less than 5% of the value of the *scheme property*, that *unitholder* may receive in place of payment for the *units* in *cash*, *scheme property* which has either been chosen by the *manager* by a notice of election or has been requested by the *unitholder*.
- 23.14 In addition the *manager* may from time to time make arrangements to allow *units* to be bought or sold on line or through other communication media. At present, transfer of title by electronic communication is not accepted.

- 23.15 The *manager* has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for *units* in whole or part, and in this event the *manager* will return any money sent, or the balance of such monies, at the risk of the applicant.

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.

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 41 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.

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 business day exceed 10%

of the fund's *net asset value*.

The ability to defer redemptions is intended to protect the interests of *unitholders* 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 business day to the valuation point on the next business day. This is intended to allow the *manager* to match the sale of *scheme property* to the level of redemptions. Subject to the *COLL Sourcebook* 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.

Client Money

In certain circumstances (including in relation to the buying and selling of *units* (see pages 36 to 40), 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 *unitholders* 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 *unitholders*. 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 *unitholders*. In this situation, *unitholders* 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 43.

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 *unitholder* 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 we notify you otherwise, we will treat you as a retail client.

23.16 Minimum subscriptions and holdings

23.16.1 The minimum initial and subsequent subscription levels are set out in Appendix 1. The *manager* may at its discretion accept subscriptions lower than the minimum amount.

23.16.2 If a holding is below the minimum holding, the *manager* has the discretion to require redemption of the entire holding.

23.17 Every *unitholder* has the right to require that the fund redeem his *units* on any *dealing day* unless the value of *units* which a *unitholder* wishes to redeem will mean that the *unitholder* will hold *units* with a value less than the required minimum holding for the fund, in which case the *unitholder* may be required to redeem his entire holding.

23.18 On a redemption of *units*, instructions to redeem must be made in writing to the *manager* and signed by all holders of the *units* to which the instructions relate. Alternatively, telephone or fax instructions may be placed with the *manager* in which case, a form of renunciation, will need to be signed by all registered *unitholders*.

23.19 Documents the seller will receive

A contract note giving details of the number and price of *units* sold will be sent to the selling *unitholder* (the first named, in the case of joint *unitholders*) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the *unitholder* (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the later of the request to redeem *units* or the valuation point by reference to which the redemption price is determined.

24. SUSPENSION OF DEALINGS

- 24.1 The *manager* may with the prior agreement of the *trustee*, and must without delay if the *trustee* so requires at any time, temporarily suspend the issue, cancellation, sale and redemption of *units* in the fund, where due to exceptional circumstances it is in the interests of all *unitholders* in the fund.
- 24.2 The *manager* and the *trustee* must ensure that the suspension is only allowed to continue for so long as is justified having regard to the interests of *unitholders*
- 24.3 The *manager* or the *trustee* (as appropriate) will immediately inform the *FCA* of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the *FCA* and the regulator in each *EEA state* where the fund is offered for sale.
- 24.4 The *manager* will notify *unitholders* as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving *unitholders* details of how to find further information about the suspension.
- 24.5 Where such suspension takes place, the *manager* will publish details on its website or other general means, sufficient details to keep *unitholders* appropriately informed about the suspension, including, if known, its possible duration.
- 24.6 During the suspension none of the obligations in *COLL 6.2* (Dealing) will apply but the *manager* will comply with as much of *COLL 6.3* (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.
- 24.7 The *manager* may agree during the suspension to deal in *units* in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in *units*
- 24.8 Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the *manager* and the *trustee* will formally review the suspension at least every 28 days and inform the *FCA* of the results of this review, and any change to the information given to *unitholders*, with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased. The calculation of the issue and cancellation prices will recommence on the next *dealing day* following such circumstances ceasing to apply.
- 24.9 Cancellation prices - The cancellation price of the fund last notified to the *trustee* is available on request from the *manager*.

25. 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 a 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

26. 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

27. TAXATION OF THE FUND

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

27.2 Capital gains

As the fund is an authorised unit trust it is not normally liable to corporation on its capital gains

arising from the disposal of investments.

27.3 Income

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

Dividends received by the fund from UK or overseas companies 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 a 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.

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 reporting fund, the fund will not be exempt from tax on gains realised on disposal of the interest in the offshore fund.

28. TAXATION OF THE INDIVIDUAL UNITHOLDERS

28.1 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.

28.2 Capital Gains Tax

A liability to Capital Gains Tax may arise when a *unitholder* 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.

28.3 Income Tax

It is anticipated that all distributions by the fund will be in the form of dividend distributions and that, accordingly the fund will not pay any interest distributions.

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.

Dividend income in excess of the taxpayer annual Dividend Allowance will be taxed at rates of 7.5% where this falls within the basic rate income tax band; 32.5% in the higher rate band; and 38.1% in the additional rate band.

A UK resident individual *unitholder* who holds his *units* in an ISA will be exempt from Income Tax on dividend distributions in respect of *units*.

Unitholders and prospective investors should contact a professional adviser if they require any more information or advice regarding their own personal circumstances.

29. TAXATION OF CORPORATE INVESTORS

29.1 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.

29.2 Distribution from the Fund

As noted in section 29.1 it is anticipated that the fund will pay dividend distributions.

Dividend distributions received by UK resident corporate bodies have to be split into that part which relates to dividend income of a fund and that part which relates to other income of a fund. The part relating to dividend income of a fund is not liable to tax in the hands of the *unitholder* 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 a fund is taxable as if it were an annual payment in the hands of the *unitholder* 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 *unitholder's* liability to Corporation Tax.

A 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 *unitholder's* liability to Corporation Tax on the foreign income.

If at any time in an accounting period a fund fails to satisfy the "qualifying investments" test, the unitholding held will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationship regime. 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. It is not anticipated that these provisions will apply.

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

28.2 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.

30. INCOME EQUALISATION

Where income equalisation applies, the first distribution or accumulation of income after *units*

are issued may include an amount reflecting accrued income included in the issue price. This amount is a refund of capital and is not subject to tax as income. This amount should be deducted from the cost of *units* in respect of which income allocated to such *units* is distributed periodically (but not classes of *units* in respect of which income allocated to such *units* is credited periodically to capital) in computing any capital gain realised on the disposal.

31. **INHERITANCE TAX**

A gift by a *unitholder* of his or her *units* in the fund or the death of a *unitholder* may give rise to a liability to Inheritance Tax, except where the *unitholder* is an individual who is neither *domiciled* in the UK, nor deemed to be *domiciled* there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of *units* at less than the full market value may be treated as a gift.

32. **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, *unitholders* 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 & Customs in order to be passed on to other tax authorities. Where a *unitholder* 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 *unitholder* concerned.

33. **STAMP DUTY RESERVE TAX**

Generally, there will be no charge to *SDRT* when *unitholders* 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.

34. **TAXATION OF CHINESE EQUITIES AND BONDS**

Chinese Withholding Income Tax

Under the current China Corporate Income Tax ("CIT") regime, Chinese tax resident enterprises should be subject to CIT on its worldwide income. Non-resident enterprises with establishments

or places of business ("PE") in China should be subject to CIT on taxable income derived by such PE in China. To the extent that the fund is not Chinese tax resident enterprise or non-tax resident enterprise with PE in China for CIT purposes, the Company should only be subject to Chinese Withholding Income Tax ("WHT") on taxable income sourced from China (e.g. dividends, interest, capital gains, etc.), unless otherwise reduced or exempted pursuant to the applicable tax agreements or arrangements between China and the jurisdiction where the fund is tax resident, or applicable China tax regulations.

The Ministry of Finance ("MOF"), the State Taxation Administration ("STA") and the China Securities Regulatory Commission of the People's Republic of China ("CSRC") jointly issued notices in relation to the taxation rules on Shanghai – Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect under Caishui 2014 No.81 ("Notice No.81") on 31 October 2014 and Caishui 2016 No. 127 ("Notice No. 127") on 5 December 2016, respectively. Under Notice No.81 and Notice No. 127, CIT and individual income tax should be temporarily exempted on gains derived by Hong Kong and overseas investors (including the fund) on the trading of China A-Shares through Stock Connect. However, Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. Where an investor is a tax resident of another country that has signed a tax treaty with China and in which the stipulated income tax rate on stock dividends is less than 10%, the investor may apply to the competent tax authority of the relevant listed company to enjoy the preferential treatment under the tax treaty, insofar as such a preferential treatment is granted to a fund.

Chinese Value-Added Tax ("VAT")

Based on Notice No. 36 and Notice No. 127, gains derived by Hong Kong market investors (including the funds) from trading of A-Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are exempt from VAT.

Tax provision

In the event that actual tax is collected by the STA to make payments reflecting tax liabilities for which no provision has been made, investors should note that the Net Asset Value of the fund may be adversely affected, as the fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities of the fund will only impact shares in issue of the fund at the relevant time, and the then existing shareholders and subsequent shareholders of the funds will be disadvantaged as such shareholders will bear, through the fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the funds. On the other hand, if the actual applicable tax rate levied by STA is lower than that provided for by the fund so that there is an excess in the tax provision amount, shareholders who have redeemed their shares before STA's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the overprovision. In this case, the then existing and new shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the fund as assets thereof. Notwithstanding the above change in tax provisioning approach, persons who have already

redeemed their shares in the fund before the return of any overprovision to the account of the fund will not be entitled to or have any right to claim any part of such overprovision.

Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in the fund. Shareholders should seek their own tax advice on their tax position with regard to their investment in the fund.

35. **MARKETING IN ANOTHER MEMBER STATE**

At the present time there is no intention to market the fund in another member state of the European Community.

36. **PUBLICATION OF PRICES**

The most recent prices will be available on the *manager's* website www.abrdn.com and by telephone on 0345 113 6966 (or +44 (0)1268 44 5488 if outwith the UK). Prices may also be published in other media as determined by the *manager* from time to time.

37. **MONEY LAUNDERING**

As a result of legislation in force in the United Kingdom to prevent money laundering, the *manager* is responsible for compliance with anti-money laundering *regulations*. In order to implement these procedures, the *manager* may need to undertake an electronic identity verification process. In certain circumstances *unitholders* may be asked to provide some proof of identity, for example when buying or selling *units*. Until satisfactory proof of identity is provided, the *manager* reserves the right to refuse to issue *units*, pay the proceeds of a redemption of *units*, or pay income or *units* to the investor.

38. **RISK MANAGEMENT**

38.1 The *manager* uses a risk management process (including a risk management policy in accordance with *COLL* 6.12) enabling it to monitor and measure at any time the risk of the fund's positions and their contribution to the overall risk profile of the fund.

38.2 Before using the process, the *manager* will notify the *FCA* of the details of the risk management process. The following details of the risk management process must be regularly notified to the *FCA* and at least on an annual basis:

38.2.1 a true and fair view of the types of *derivatives* and forward transactions to be used within the fund together with the underlying risks and any relevant quantitative limits; and

38.2.2 the methods for estimating risks in *derivative* and forward transactions.

The *manager* must notify the *FCA* in advance of any material alteration to these details above.

38.3 A statement on the methods used for risk management in connection with the fund and the quantitative limits used together with the current risk *yields* of the main categories of investment

is available from the *manager* on request.

39. RISKS

All investments involve risk. “**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 a 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.

Some of the fund’s charges may be taken from capital (as set out in the “Charges and Expenses” section), which may limit the growth in value of the relevant fund. However, when charges are taken from capital, more income is generally available to distribute to *unitholders*.

39.1 General Risks

39.1.1 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.

39.1.2 Counterparty Risk

- (a) An entity with which the fund does business could become unwilling or unable to meet its obligations to the fund.
- (b) 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.

- (c) 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.

39.1.3 Currency Risk

- (a) Changes in currency exchange rates could reduce investment gains or increase investment losses, in some cases significantly.
- (b) 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.
- (c) 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.

39.1.4 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.

39.1.5 Liquidity Risk

- (a) Any security could become hard to value or to sell at a desired time and price.
- (b) *Liquidity* risk could affect the fund’s ability to repay repurchase agreement proceeds by the agreed deadline.
- (c) 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.

39.1.6 Management Risk

- (a) 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.
- (b) 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.

39.1.7 Market Risk

- (a) Prices and *yields* of many securities can change frequently and can fall based on a wide variety of factors. Examples of these factors include:
 - (i) Political and economic news
 - (ii) Government policy
 - (iii) Changes in technology and business practice
 - (iv) Changes in demographics, cultures and populations
 - (v) Natural or human-caused disasters
 - (vi) Weather and climate patterns
 - (vii) Scientific or investigative discoveries
 - (viii) Costs and availability of energy, commodities and natural resources
- (b) The effects of market risk can be immediate or gradual, *short term* or *long-term*, narrow or broad.
- (c) 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.

39.1.8 Operational Risk

- (a) The operations of the fund could be subject to human error, faulty processes or governance, or technological failures.
- (b) 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.

39.1.9 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.

39.1.10 Risks specific to investment in funds

- (a) As with any investment fund, investing in the fund involves certain risks an investor would not face if investing in markets directly:
 - (i) 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.
 - (ii) The investor cannot direct or influence how money is invested while

it is in the fund.

- (iii) The fund's buying and selling of investments may not be optimal for the tax efficiency of any given investor.
 - (iv) 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.
 - (v) Because fund *units* are not publicly traded, the only option for liquidation of shares is generally redemption, which could be subject to any redemption policies set by the fund.
 - (vi) To the extent that the fund invests in other *EEA* and/or *UK UCITS / UCIs*, it will have less direct knowledge of, and no control over, the decisions of the *EEA* and/or *UK UCITS / UCI's* investment managers, 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 an *EEA* and/or *UK UCITS / UCI*.
 - (vii) 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.
- (b) 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).

39.1.11 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.

39.1.12 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 shares in any and all sub-funds and Classes.

39.1.13 Taxation Risks

- (a) A country could change its tax laws or treaties in ways that affect investors.
- (b) Tax changes potentially could be retroactive and could affect investors with no direct investment in the country.

39.1.14 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.

39.2 Specific Risks

39.2.1 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 funds are managed on a non-leveraged basis unless otherwise specified.

(b) 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 a 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 a 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 authorised unit trust, which could leave the authorised unit trust unable to operate efficiently and competitively.

(c) 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.

(d) 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.

39.2.2 Emerging markets Risk

- (a) 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.
- (b) Reasons for this higher level of risk include:

- (i) political, economic, or social instability
 - (ii) economies that are heavily reliant on particular industries, commodities, or trading partners
 - (iii) high or capricious tariffs or other forms of protectionism
 - (iv) quotas, *regulations*, laws, or practices that place outside investors (such as the fund) at a disadvantage
 - (v) 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
 - (vi) significant government control of businesses or intervention in markets • excessive fees, trading costs, taxation, or outright seizure of assets
 - (vii) inadequate reserves to cover issuer or counterparty defaults
 - (viii) incomplete, misleading, or inaccurate information about securities and their issuers
 - (ix) lack of uniform accounting, auditing and financial reporting standards
 - (x) manipulation of market prices by large investors
 - (xi) arbitrary delays and market closures
 - (xii) market *infrastructure* that is unable to handle peak trading volumes
 - (xiii) fraud, corruption and error
- (c) In certain countries, securities markets may also suffer from impaired efficiency and *liquidity*, which may worsen price *volatility* and market disruptions.
- (d) 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.
- (e) 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.

39.2.3 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.

39.2.4 China A / Stock Connect Risk

Investing in China A shares involves special considerations and risks, including

without limitation greater price volatility, less developed regulatory and legal framework, economic, social and political instability of the stock market in the People's Republic of China ("PRC").

There are restrictions on the amount of China A shares which a single foreign investor is permitted to hold and restrictions on the combined holdings of all foreign investors in a single company's China A shares. Where those limits are reached, no further purchase of those shares will be permitted until the holding is reduced below the threshold and if the thresholds are exceeded, the relevant issuer of the China A shares may sell those shares to ensure compliance with Chinese law which may mean that the relevant China A shares are sold at a loss.

China A shares are denominated in Renminbi ("RMB") and as RMB is not the base currency of these funds the ACD may have to convert payments from RMB into Sterling when realising China A shares and convert Sterling into RMB when purchasing shares. The exchange rate for RMB may be affected by, amongst other things, any exchange control restrictions imposed by the government in the PRC which may adversely affect the market value of these funds.

Trading China A Shares through the Hong Kong – China Stock Connect platform will be primarily traded in the offshore RMB currency, as RMB is the domestic Chinese currency and cannot be traded outside of China.

China A shares through the Hong Kong – China Stock Connect platform are held by third party securities settlement systems in Hong Kong (Hong Kong Securities Clearing Company ("HKSCC")) and the PRC ("ChinaClear") where they are mixed with other investors' assets and may be subject to lower safekeeping, segregation and record keeping requirements than investments held domestically or in the European Union.

It is considered unlikely that ChinaClear will become insolvent but, if it does so, HKSCC is likely to seek to recover any outstanding China A shares from ChinaClear through available legal channels but it is not obligated to do so. If HKSCC does not enforce claims against ChinaClear these funds may not be able to recover their China A shares.

Investors should note "Taxation of Chinese Equities" section under "Taxation".

Stock Connect Risk

Stock Connect is now an established scheme, however its rules may change at any time in a manner which may adversely impact these funds.

Stock Connect will only operate when banks in Hong Kong and the PRC are both open.

The ability of these funds to invest through Stock Connect is subject to the performance by HKSCC of its obligations and any failure or delay by HKSCC may result in the failure of settlement, or loss of China A shares.

It is not possible to buy and sell shares on the same day on Stock Connect.

Not all China A shares are eligible for trading through Stock Connect, and if a China A share ceases to be eligible, further purchases of such shares will not be permitted, although these funds will always be able to sell such shares.

Stock Connect is currently subject to both daily and aggregate trading caps which if exceeded will lead to suspension of trading for that day or other relevant period which may mean that an order to purchase China A shares cannot be processed. Under the Stock Connect rules these funds will always be able to sell China A shares regardless of whether the daily or aggregate quota has been exceeded. The daily or aggregate quotas can be changed from time to time without prior notice.

China A shares traded through Stock Connect are uncertificated and are held in the name of HKSCC or its nominee. PRC law may not recognise the beneficial ownership of the China A shares by these funds and, in the event of a default of ChinaClear, it may not be possible for the China A shares held by these funds to be recovered.

Transactions in Stock Connect will not be covered by the Investor Compensation Scheme in Hong Kong nor the equivalent scheme in the PRC.

40. **LIABILITIES OF THE FUND**

Unitholders are not liable for the debts of the fund. A *unitholder* is not liable to make any further payment to the fund after he has paid the purchase price of the *units*.

41. **GENERAL INFORMATION**

41.1 **Documents of the Fund**

The *trust deed*, the Prospectus, and the most recent annual and half-yearly long reports in respect of the fund may be inspected free of charge during normal office hours every *dealing day* at the registered office of the *manager* at 280 Bishopsgate, London, EC2M 4AG. Copies of these documents may also be obtained by writing to the *manager* at PO Box 12233, Chelmsford, CM99 2EE. The *manager* may make a charge at its discretion for copies of these documents (except that the most recent versions of the Prospectus and the annual and half yearly long reports of the fund will be available free of charge).

41.2 **Annual reports and semi-annual reports**

The annual report of the fund will be published in long form within four months of each annual accounting period and the half-yearly report will be published in long form within two months of each interim accounting period. The long reports will be available to *unitholders* on request.

41.3 **Conflicts of interest**

The *manager*, the *investment adviser* and other companies within the *manager's* and the *investment adviser's* group may, from time to time, act as investment manager or advisers to other funds which follow similar investment objectives to those of the fund. It is therefore possible that the *manager* and/or the *investment adviser* may in the course of their business

have potential conflicts of interest with the fund or that a conflict exists between the fund and other funds managed or advised by the *manager* or *investment adviser* respectively. Each of the *manager* and the *investment adviser* will, however, have regard in such event to its obligations under the *trust deed* and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the fund so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the *manager* and the *investment adviser* will ensure that the fund and other collective investment schemes it manages are fairly treated.

The *manager* acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the fund or its *unitholders* will be prevented. Should any such situations arise the *manager* will disclose these to *unitholders* in the report and accounts or such other appropriate format.

41.4 Strategy for the exercise of voting rights

The *manager* has a strategy for determining when and how voting rights attached to ownership of *scheme property* are to be exercised for the benefit of the fund. A summary of this strategy is available from the *manager* on written request. Further details of the actions taken on the basis of this strategy for the fund are also available from the *manager* on written request.

41.5 Best Execution

The *manager's* best execution policy sets out the basis upon which the *manager* will effect transactions and place orders for the fund while complying with its obligations under the *regulations* to obtain the best possible result for the fund.

Details of the best execution policy are available from the *manager* on written request.

41.6 Dealing arrangements and inducements

The *investment adviser* uses dealing commission that it pays to brokers to cover costs relating to the execution of trades on behalf of the fund, and, in the case of bundled commission, to purchase research services from brokers or third parties. The *investment adviser* considers such use of commission to be beneficial to the fund and its *unitholders*, as it enables it to obtain valuable research and execution services in a cost-effective manner.

In many cases, the research services will be provided by the broker and the *investment adviser* will include payment for the research services alongside the execution cost in its commission payment to the broker. In other cases the research services will be provided by a third party, in which case the cost of the services will be met by requesting a broker to pay the third party a portion of the commission that the broker has received, being an amount over and above what was justified by the broker's own services.

The *investment adviser* currently receives the following goods and services under its dealing arrangements in accordance with *FCA* guidance:

- goods and services relating to the provision of research:

- research from third party information providers;
- broker led research; and
- non-broker led research.

41.7 Financial intermediary commission

For investors in the fund that purchase *units* through a broker or other financial intermediary, please note that the *manager*, the *investment adviser* and/or their respective related companies may pay such intermediary initial and renewal commission for the sale of the *units* and related services at their discretion. These charges are paid by the *manager*, *investment adviser* or their respective related companies out of their own charges and do not result in any additional charges to the fund.

41.8 Inducements

The *manager* will make such disclosures to the fund regarding inducements as are required under the *regulations*.

41.9 Late trading and market timing

"Late Trading" is defined as the acceptance of a subscription or redemption order received after the fund's applicable valuation point for that *dealing day*. Late Trading is not permitted. As such, orders will not be accepted using the price established at the valuation point for that *dealing day* if orders are received after that time.

Late Trading will not include a situation in which the *manager* is satisfied that orders which are received after the valuation point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

In general, "market timing" refers to the investment behaviour 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 transactions that seem to follow a timing pattern or by frequent or large transactions in *units*. The *manager* does not knowingly 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 frustrate such practices where it has reasonable grounds to suspect these strategies are being or may be attempted.

41.10 Benchmark 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 these plans may be accessed, free of charge, upon request, from the *manager*.

41.11 Notices

Where it is necessary or appropriate to contact *unitholders* generally, for example to serve any notice or document on them or to inform them of a *unitholders'* meeting, such notice, or documentation shall be served by post to the address of such *unitholder* as evidenced on the *register of unitholders*. All documents and remittances are sent at the risk of the *unitholder*.

41.12 Past performance details

Details of past performance of the fund are contained in Appendix 5.

SUMMARY OF APPENDICES

A summary of the Fund

A summary of the fund, including available *unit* classes, charges, minimum investment levels and distribution dates, is set out in Appendix 1.

A detailed statement of the investment and borrowing restrictions applicable to the fund is set out in Appendix 2.

The eligible securities and *derivatives* markets on which the fund may invest are contained in Appendix 3 and Appendix 4 respectively.

Appendix 5 contains the past performance details for the fund. Appendix 6 contains a list of delegates and sub-delegates of the fund.

Investment of the assets of the fund must comply with the *COLL Sourcebook* and its own investment objective and policy.

The fund is a *UCITS scheme*.

**APPENDIX 1
ABRDN FALCON FUND**

FUND DETAILS

Classes of <i>units</i>	<p>Income <i>units</i></p> <p>Accumulation <i>units</i></p> <p>Z <i>units</i> (Net Income)</p> <p>Z <i>units</i> (Net Accumulation)</p>
Currency of denomination	UK Sterling
Minimum initial investment	<p>Income <i>units</i> - £100,000</p> <p>Accumulation <i>units</i> – £100,000</p> <p>Z <i>units</i> (Net Income) – As Agreed</p> <p>Z <i>units</i> (Net Accumulation) – As Agreed</p>
Minimum subsequent investment	<p>Income <i>units</i> - £50,000</p> <p>Accumulation <i>units</i> – £50,000</p> <p>Z <i>units</i> (Net Income) – As Agreed</p> <p>Z <i>units</i> (Net Accumulation) – As Agreed</p>
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	<p>Income <i>units</i> - £100,000</p> <p>Accumulation <i>units</i> – £100,000</p> <p>Z <i>units</i> (Net Income) – As Agreed</p> <p>Z <i>units</i> (Net Accumulation) – As Agreed</p>

Initial charge	<p>Income <i>units</i> - 6% of the amount subscribed</p> <p>Accumulation <i>units</i> – 6% of the amount subscribed</p> <p>Z <i>units</i> (Net Income) – 0%</p> <p>Z <i>units</i> (Net Accumulation) – 0%</p>
Annual management charge	<p>Income <i>units</i> - 1.5% per annum</p> <p>Accumulation <i>units</i> – 1.5% per annum</p> <p>Z <i>units</i> (Net Income) – 0% per annum</p> <p>Z <i>units</i> (Net Accumulation) – 0% per annum</p> <p>The Annual Management Charge is currently taken from the income generated by the Fund. 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. This may result in capital erosion or constrain capital growth.</p>
Annual accounting date	28 February (29 February in a leap year)
Interim accounting date	31 August
Income allocation dates	Two (2) <i>dealing days</i> before 30 April and 31 October
Invest in any Securities Market of the United Kingdom, a Member State of the EU or states within the <i>EEA</i> which is regulated, operates regularly and is open to the public	Yes
Invest in further Eligible Markets in Appendix 3	All markets listed
Invest in further Eligible <i>derivatives</i> Markets in Appendix 4	All markets listed
Launch Date (when the fund became authorised)	9 July 1998

APPENDIX 2

INVESTMENT AND BORROWING POWERS OF THE FUND

1. Investment Restrictions

- 1.1 The property of the fund will be invested with the aim of achieving the investment objective of the fund but subject to the limits on investment set out in chapter 5 of the *COLL Sourcebook* and the fund's investment policy. The following limits apply to the fund.
- 1.2 Generally the fund will invest in the investments to which it is dedicated including (a) transferable securities; (b) *units* in collective investment schemes; (c) approved *money market instruments*; (d) deposits; and (e) *derivatives* and forward transactions.
- 1.3 Generally, to protect investors the markets on which investments of the fund are dealt in or traded should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold. Eligible markets are (a) regulated markets; or (b) markets established in the United Kingdom or an *EEA State* which are regulated, operate regularly and are open to the public; and (c) markets which the *manager*, after consultation with the *trustee*, has decided are appropriate for the purpose of investment of or dealing in the *scheme property* having regard to the relevant criteria in the *COLL Sourcebook* and guidance from the *FCA*. Such markets must operate regularly, be regulated, be recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and *derivatives* markets for the fund are set out in Appendix 3 and Appendix 4 respectively.

2. Transferable Securities

- 2.1 Up to 10% of the value of the *scheme property* may be invested in transferable securities and approved *money market instruments* which are not admitted to or dealt in on an eligible market, or recently issued transferable securities.
- 2.2 Up to 5% of the value of the *scheme property* may be invested in transferable securities issued by any one single body (other than transferable securities or approved *money market instruments* issued by the United Kingdom or an *EEA State*, a local authority of the United Kingdom or an *EEA State*, a non-*EEA State* or a public international body to which the United Kingdom or one or more *EEA States* belong). However, up to 10% in value of the *scheme property* may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the value of all such holdings combined does not exceed 40% of the value of the *scheme property*. Up to 20% in value of the *scheme property* can consist of transferable securities and approved *money market instruments* issued by the same group (being companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of the Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards).
- 2.3 Up to 100% of the *scheme property* may be invested in transferable securities or approved *money market instruments* issued by or on behalf of or guaranteed by any one body which is

the United Kingdom or an *EEA State*, a local authority of the United Kingdom or an *EEA State*, a non-*EEA State* or a public international body to which the United Kingdom or one or more *EEA States* belong which may be one of the following: the Governments of the United Kingdom, (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and *United States* (including Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), Private Export Funding Corporation (PEFCO)) or by one of the following international organisations: African Development Bank, Asian Development Bank, Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW) and the Nordic Investment Bank (NIB).

- 2.4 If more than 35% in value of the *scheme property* is invested in transferable securities or approved *money market instruments* issued by any one body which is the United Kingdom or an *EEA State*, a local authority of the United Kingdom or an *EEA State*, non-*EEA State* or a public international body to which the United Kingdom or one or more *EEA States* belong, no more than 30% in value of the *scheme property* may consist of such securities or instruments of any one issue and the *scheme property* must include at least six different issues whether of that issuer or another issuer.
- 2.5 Not more than 20% in value of the *scheme property* is to consist of transferable securities and approved *money-market instruments* issued by the same group.

3. Collective Investment Schemes

- 3.1 Up to 10% in value of the *scheme property* may be invested in *units* in other collective investment schemes. The *scheme property* may be invested in collective investment schemes managed by the *manager*, or an associate of the *manager*, subject to the rules contained in COLL 5.2.15 and COLL 5.2.16. Investment may only be made in other collective investment schemes whose maximum annual management charge does not exceed 5%. The fund may invest in collective investment schemes which permit performance fees to be charged, although due to the nature of such fees (which generally depend on the performance of the investee scheme against a specified benchmark), it is impossible to predict the level of such fees.
- 3.2 Any collective investment schemes in which the fund invests need to:
- 3.2.1 be a *UK UCITS* or comply with the conditions necessary for them to enjoy the rights conferred by the *UCITS Directive* as implemented in the *EEA*; or
- 3.2.2 be a recognised scheme (as defined in the FCA Handbook) that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided that the requirements of COLL 5.2.13AR are met); or

- 3.2.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1),(3) are met); or
 - 3.2.4 be authorised in an *EEA state* (provided the requirements of COLL 5.2.13AR are met); or
 - 3.2.5 be authorised by competent authority of an OECD member country (other than an *EEA State*) which has:
 - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (b) approved the fund's management company, rules and depositary/custody arrangements;
 (provided that the requirements of COLL 5.2.13AR are met);
 - 3.2.6 comply with the rules relating to investment in associated collective investment schemes and other group schemes contained in the *COLL Sourcebook*;
 - 3.2.7 have terms which prohibit more than 10% of their assets consisting of *units* in other collective investment schemes; and
 - 3.2.8 for the purposes of 3.2.6 and 3.2.7 a fund of an umbrella scheme is to be treated as if it were a separate scheme but no fund of an umbrella scheme may invest in another fund of that umbrella scheme.
- 3.3 The fund may invest in *units* of collective investment schemes and pay any related charges or expenses for investing in such *units* unless the schemes are managed, operated or administered by the *manager* (or one of its associates) in which case, the fund will pay no additional management or administrative charges to the *manager* or its associate (as the case may be).

4. Warrants and Nil and Partly Paid Securities

- 4.1 Up to 100% in value of the *scheme property* may consist of warrants (which may at times make the portfolio composition highly *volatile*).
- 4.2 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the fund at any time when the payment is required without contravening the *COLL Sourcebook*.

5. Approved Money Market Instruments

- 5.1 Up to 100% in value of the *scheme property* can consist of approved *money market instruments* which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time provided the approved *money market instrument* is:
 - 5.1.1 admitted to or dealt in on an eligible market (please see section 1.3 of this Appendix above);
 - 5.1.2 where it is not admitted to or dealt in on an eligible market, the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed in accordance with the *COLL Sourcebook*.

5.2 Notwithstanding the above up to 10% of the *scheme property* may be invested in approved *money market instruments* and transferable securities which do not meet these criteria.

6. Deposits

Up to 20% in value of the *scheme property* can consist of deposits with a single body. The fund may only invest in deposits with an *Approved Bank* which are repayable on demand, or have the right to be withdrawn, and which mature in no more than 12 months.

7. Derivatives and Forward Transactions

7.1 The investment objective and policy of the fund (as set out in Sections 2.1 and 2.2) explains how *derivatives* will be used for the fund. The use of *derivatives* for investment purposes means that the *net asset value* of the fund may at times have high *volatility*, although *derivatives* will not be used with the intention of raising the risk profile of the fund.

Except as set out in sections 7.5 and 7.9 of this Appendix there is no upper limit on the use of transactions in *derivatives* or forward transactions for the fund provided that such transactions fall under section 7.2 of this Appendix.

7.2 A transaction in a *derivative* or forward transaction must:

7.2.1 be a *future*, an *option* or a contract for difference; and must either

- (a) be in an approved derivative effected on or under the rules of an eligible *derivatives* market; or
- (b) be in an OTC which must be;
 - (i) in a *future* or an *option* or a contract for differences;
 - (ii) with an approved counterparty; a counterparty to a transaction in *derivatives* is approved only if the counterparty is an *eligible institution* or an *Approved Bank*; or a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;
 - (iii) on approved terms; the terms of the transaction in *derivatives* are approved only if 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;
 - (iv) such that the *manager* can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
 - (v) capable of reliable valuation; a transaction in *derivatives* is capable of reliable valuation only 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 that value is not available, on the basis of a pricing model which the *manager* and the *trustee* have agreed uses an adequate recognised methodology; and

- (vi) subject to verifiable valuation; a transaction in *derivatives* is subject to verifiable valuation only 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 of the *derivative*, at an adequate frequency and in such a way that the *manager* is able to check it; or a department within the *manager* which is independent from the department in charge of managing the *scheme property* and which is adequately equipped for such a purpose.

7.2.2 have the underlying consisting of any or all of the following to which the fund is dedicated:

- (a) transferable securities;
- (b) approved *money market instruments*;
- (c) permitted deposits;
- (d) permitted *derivatives*;
- (e) permitted collective investment scheme *units*;
- (f) financial indices;
- (g) *interest rates*;
- (h) foreign exchange rates; and
- (i) currencies; and

7.2.3 be effected on or under the rules of an eligible *derivatives* market, it must not cause the fund to diverge from its investment objective, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved *money market instruments*, *units* in collective investment schemes, or *derivatives* and must in the case of a forward transaction, be with an *eligible institution* or an *approved bank*.

7.3 For the purposes of 7.2.2(c) and 7.2.2(d) 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. In respect of the obligations under Chapter 5 of the *COLL Sourcebook* (Investment and Borrowing Powers), the *trustee* must take reasonable care to ensure that the *manager* has systems and controls that are adequate to ensure compliance with section 7.2 of this Appendix.

- 7.4 Use of *derivatives* must be supported by a risk management process maintained by the *manager* which should take account of the investment objective and policy of the fund.
- 7.5 A fund may invest in *derivatives* and forward transactions as part of its investment policy provided:
- 7.5.1 its global *exposure* relating to *derivatives* and forward transactions held in the fund does not exceed the Net Asset Value; and
- 7.5.2 its global *exposure* to the underlying assets does not exceed in aggregate the investment limits laid down in this Appendix.
- 7.6 The *manager* must in accordance with the *regulations*:
- 7.6.1 establish, implement and maintain arrangements and procedures that ensure appropriate, transparent and fair valuation of the *exposure* of the fund to OTC *derivatives*; and
- 7.6.2 ensure that the fair value of OTC *derivatives* is subject to adequate, accurate and independent assessment.
- 7.7 The arrangements and procedures in section 7.6 must be:
- 7.7.1 proportionate to the nature and complexity of the OTC *derivative* concerned; and
- 7.7.2 adequately documented.
- 7.8 Where the arrangements and procedures referred to in this section 7 involve the performance of certain activities by third parties, the *manager* must retain the necessary resources and expertise so as to monitor effectively the activities carried out by third parties, especially with regard to the management of the risk associated with those arrangements. The *manager* must also comply with the due diligence requirements set out in the COLL 6.6A.4R (4) to (6).
- 7.9 The *manager* must ensure that:
- 7.9.1 counterparty risk from an OTC *derivative* is subject to the limits set out in section 8;
- 7.9.2 *exposure* to any one counterparty in an OTC *derivative* transaction does not exceed 5% in value of the *scheme property*. This limit is raised to 10% where the counterparty is an *approved bank*.
- 7.10 In calculating the *exposure* to a counterparty pursuant to the limits set in section 7.9.2, the *manager* must use the positive mark-to-market value of the OTC *derivative* with that counterparty. The *manager* may net the OTC *derivative* positions of a fund with the same counterparty provided it is able legally to enforce netting agreements with the counterparty on behalf of the fund and the netting agreements do not apply to any other *exposures* the fund may have with that same counterparty. The *manager* may reduce the *exposure* of *scheme property* to a counterparty of an OTC *derivative* through the receipt of collateral, provided such collateral meets the conditions specified in the COLL *Sourcebook*. It must also take collateral into account in calculating *exposure* to counterparty risk when it passes collateral to an OTC counterparty on behalf of the fund.

7.11 Any collateral received by the fund from a counterparty must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

7.12 The *manager* must calculate the issuer concentration limits referred to in section 7.9.2 on the basis of the underlying *exposure* created through the use of OTC *derivatives* under the commitment approach.

8. Combination of Investments

In applying the limits in sections 2.2, 6 and 7 of this Appendix not more than 20% in value of the *scheme property* is to consist of any combination of two or more of the following;;

8.1 transferable securities or approved *money market instruments* issued by; or

8.2 deposits made with; or

8.3 *exposures* from OTC *derivatives* transactions made with a single body.

9. Concentration

9.1 The fund must not hold more than:

9.1.1 10% of the transferable securities (other than debt securities) issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or

9.1.2 10% of the debt securities issued by any single body; or

9.1.3 10% of the approved *money market instruments* issued by any single body; or

9.1.4 25% of the *units* in a collective investment scheme.

9.1.5 The *manager* must not acquire for the fund transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

(a) immediately before the acquisition, the aggregate of any such securities held for the fund, taken together with any such securities already held for other funds of which it is already the manager, gives the *manager* power to influence significantly the conduct of business of that body corporate; or

(b) the acquisition gives the *manager* that power.

9.1.6 For the purpose of 9.1.5(a) of this Appendix, the *manager* is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all authorised unit trusts of which it is the manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

10. General

10.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the *COLL Sourcebook*, be entered into for the account of the fund.

10.2 *Cash* or near *cash* must not be retained in the *scheme property* except as this may reasonably be regarded as necessary in order to enable the pursuit of the fund's investment objective; or for redemption of *units* in the fund; or efficient management of the fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of the fund.

11. Stock Lending

11.1 The *trustee* acting in accordance with the instructions of the *manager*, may enter into repo contracts or stock lending transactions (involving a disposal of securities in the fund and reacquisition of equivalent securities) when it reasonably appears to the *manager* to be appropriate to do so with a view to generating additional income for the fund with an acceptable degree of risk. Such transactions must comply with the conditions set out in the *COLL Sourcebook*, which require (among other things) that;

11.1.1 the stock lending transaction must be of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed;

11.1.2 all the terms of the agreement under which the *trustee* is to re-acquire the securities for the account of the fund are in a form which is acceptable to the *trustee* and in accordance with good market practice;

11.1.3 the counterparty is:

- (a) an authorised person; or
- (b) a person authorised by a Home State regulator; or
- (c) a person registered as a broker-dealer with the Securities and Exchange Commission of the *United States* of America; or
- (d) a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC *derivatives* by at least one of the following federal banking supervisory authorities of the *United States* of America:
 - (i) the Office of the Comptroller of the Currency;
 - (ii) the Federal Deposit Insurance Corporation;
 - (iii) the Board of Governors of the Federal Reserve System; and
 - (iv) the Office of Thrift Supervision, and

11.1.4 high quality and liquid collateral obtained must be acceptable to the *trustee* and must also be adequate and sufficiently immediate as set down in the *COLL Sourcebook*.

- 11.2 The *trustee* must ensure that the value of the collateral at all times is at least equal to the market value of the securities transferred by the *trustee* plus a premium in accordance with the *COLL Sourcebook*.
- 11.3 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the *COLL Sourcebook*, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the *scheme property*.
- 11.4 There is no limit on the value of the *scheme property* of the fund that maybe the subject of stock lending transactions.

12. Borrowing Powers

- 12.1 The fund may, subject to the *COLL Sourcebook*, borrow money from an *eligible institution* or an *approved bank* for the use of the fund on the terms that the borrowing is to be repayable out of the *scheme property*.
- 12.2 Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the *trustee*, which may be given only on such conditions as appear appropriate to the *trustee* to ensure that the borrowing does not cease to be on a temporary basis.
- 12.3 The *manager* must ensure that borrowing does not, on any *dealing day*, exceed 10% of the value of the *scheme property*.
- 12.4 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in *derivatives* and forward transactions.

13. Calculation of the Fund's Global Exposure

- 13.1 The *manager* must calculate the global *exposure* of the fund on at least a daily basis taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 13.2 The *manager* must calculate the global *exposure* of the fund either as:
- 13.2.1 the incremental *exposure* and *leverage* generated through the use of *derivatives* and forward transactions, which may not exceed 100% of the Net Asset Value, by way of the commitment approach; or
 - 13.2.2 the market risk of the *scheme property*, by way of the value at risk approach, being a measure of the maximum expected loss at a given confidence level over the specific time period,
- 13.3 The *manager* must ensure that the method selected under section 13.2 is appropriate, taking into account:
- 13.3.1 the investment strategy pursued by the fund;
 - 13.3.2 the types and complexities of the *derivatives* and forward transactions used; and
 - 13.3.3 the proportion of the *scheme property* comprising *derivatives* and forward transactions.

- 13.4 Where the fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with section 11 (Stock lending) in order to generate additional *leverage* or *exposure* to market risk, the *manager* must take those transactions into consideration when calculating global *exposure*.
- 13.5 Where the *manager* uses the commitment approach for the calculation of global *exposure*, it must ensure that it applies this approach to all *derivative* and forward transactions and convert each *derivative* or forward transaction into the market value of an equivalent position in the underlying asset of that *derivative* or forward (standard commitment approach). The *manager* may in accordance with the *regulations* take account of netting and hedging arrangements when calculating the global *exposure* of the fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk *exposure*. Where the use of *derivatives* or forward transactions does not generate incremental *exposure* for the fund, the underlying *exposure* need not be included in the commitment calculation. Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the fund need not form part of the global *exposure* calculation.
- 13.6 The *manager* may apply other calculation methods which are equivalent to the standard commitment approach.

APPENDIX 3

LIST OF ADDITIONAL ELIGIBLE SECURITIES MARKETS

The fund may deal through securities and *derivatives* markets in the United Kingdom or any *EEA State* which are regulated, operate regularly and are open to the public.

The fund may also deal through the securities and *derivatives* markets indicated below.

Investment will be made in accordance with the investment objective and policy of the fund. A market may be added to each of the lists below in accordance with *FCA regulations*.

1	AUSTRALIA	ASX Group Limited
2	BRAZIL	BM&F BOVESPA SA
3	CANADA	Toronto Stock Exchange Group TSX Ventures Exchange
4	CHILE	Bolsa de Comercio de Santiago
5	CHINA	Shanghai Stock Exchange Shenzhen Stock Exchange
6	HONG KONG	Hong Kong Exchanges & Clearing Limited Shanghai-Hong Kong Connect Shenzhen-Hong Kong Connect
7	INDIA	Bombay Stock Exchange Ltd National Stock Exchange
8	INDONESIA	Indonesia Stock Exchange
9	ISRAEL	Tel Aviv Stock Exchange
10	JAPAN	JASDAQ Stock Exchange Nagoya Stock Exchange Osaka Securities Exchange Sapporo Securities Exchange Tokyo Stock Exchange Fukuoka Stock Exchange Mothers Market TSE J-Reit
11	KOREA	Korea Exchange Incorporated (KRX)

12	MALAYSIA	Bursa Malaysia Securities Berhad
13	MEXICO	Bolsa Mexicana de Valores (Mexican Stock Exchange)
14	NEW ZEALAND	New Zealand Exchange Limited
15	PERU	Lima Stock Exchange (Bolsa de Valores de Lima)
16	PHILIPPINES	Philippine Stock Exchange
17	SINGAPORE	Singapore Exchange
18	SOUTH AFRICA	Johannesburg Securities Exchange
19	TAIWAN	Taiwan Stock Exchange Gre Tai Securities Market
20	THAILAND	The Stock Exchange of Thailand (SET)
21	TURKEY	Istanbul Stock Exchange
22	USA	NASDAQ Chicago Stock Exchange International Securities Exchange NYSE Euronext National Stock Exchange The market in transferable securities issued by or on behalf of the Government of the <i>United States</i> of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers
23	OTHERS	SIX Group (Switzerland)

APPENDIX 4
LIST OF ADDITIONAL ELIGIBLE DERIVATIVES MARKETS

The fund may deal through securities and *derivatives* markets in the United Kingdom or any *EEA State* which are regulated, operate regularly and are open to the public.

The fund may also deal through the securities and *derivatives* markets indicated below.

Investment will be made in accordance with the investment objective and policy of the fund. A market may be added to each of the lists below in accordance with *FCA regulations*.

1	AUSTRALIA	ASX Group Limited
2	BRAZIL	BM&F Bovespa
3	CANADA	Montreal Exchange
4	HONG KONG	Hong Kong Exchanges & Clearings Limited
5	JAPAN	Osaka Securities Exchange (OSE) Tokyo Stock Exchange (TSE) Tokyo Financial Exchange, Inc
6	KOREA	Korea Exchange
7	SINGAPORE	Singapore Exchange
8	SOUTH AFRICA	JSE Securities Exchange The South African Futures Exchange
9	USA	CME Group, Inc. Chicago Board Options Exchange (CBOE) International Securities Exchange NYSE Euronext OTHERS SIX Group (Switzerland)

APPENDIX 5 DETAILS OF PAST PERFORMANCE

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

Fund Name	Performance Category Name	Label	2021	2020	2019	2018	2017
			(%)	(%)	(%)	(%)	(%)
abrdn Falcon Fund	Fund	Fund	15.9	12.8	26.6	- 10.9	9.0
	Performance Target	ARC Private Client Indices (PCI) Equity Risk Net Return	12.3	5.8	18.0	- 6.5	11.4
	Portfolio Constraining Benchmark	30% FTSE All-Share, 70% FTSE World ex UK	21.2	6.8	22.0	- 4.6	13.4

Source: Factset and abrdn.

Basis: NAV to NAV, The above figures are based on Accumulation *units*, 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 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. 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.

APPENDIX 6
CITIBANK UK LIMITED LIST OF SUB-DELEGATES

Country	Citibank N.A. (Global Custody London & Luxembourg Global Window)
Argentina	The Branch of Citibank, N.A. in the Republic of Argentina
Australia	Citigroup Pty. Limited
Austria	Citibank Europe plc
Bahrain	Citibank, N.A., Bahrain Branch
Bangladesh	Citibank, N.A., Bangladesh Branch
Belgium	Citibank Europe plc
Bermuda	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Bermuda Limited
Bosnia-Herzegovina (Sarajevo)	UniCredit Bank d.d.
Bosnia-Herzegovina: Srpska (Banja Luka)	UniCredit Bank d.d.
Botswana	Standard Chartered Bank of Botswana Limited
Brazil	Citibank, N.A., Brazilian Branch
Bulgaria	Citibank Europe plc Bulgaria Branch
Canada	Citibank Canada
Chile	Banco de Chile
China B Shanghai	Citibank, N.A., Hong Kong Branch (For China B shares)

China B Shenzhen	Citibank, N.A., Hong Kong Branch (For China B shares)
China A Shares	Citibank (China) Co., Ltd (China A shares)
China Hong Kong Stock Connect	Citibank, N.A., Hong Kong Branch
Clearstream ICSD	
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privedna Banka Zagreb d.d.
Cyprus	Citibank Europe plc, Greece Branch
Czech Republic	Citibank Europe plc, organizacni slozka
Denmark	Citibank Europe plc
Egypt	Citibank, N.A., Egypt
Estonia	Swedbank AS
Euroclear	Euroclear Bank SA/NV
Finland	Citibank Europe plc
France	Citibank Europe plc
Georgia	JSC Bank of Georgia
Germany	Citibank Europe plc
Ghana	Standard Chartered Bank of Ghana Limited
Greece	Citibank Europe plc, Greece Branch

Hong Kong	Citibank N.A., Hong Kong Branch
Hungary	Citibank Europe plc, Hungarian Branch Office
Iceland	Islandsbanki hf
India	Citibank, N.A. Mumbai Branch
Indonesia	Citibank, N.A., Jakarta Branch
Ireland	Citibank N.A., London Branch
Israel	Citibank, N.A., Israel Branch
Italy	Citibank Europe plc
Jamaica	Scotia Investments Jamaica Limited
Japan	Citibank N.A., Tokyo Branch
Jordan	Standard Chartered Bank Jordan Branch
Kazakhstan	Citibank Kazakhstan JSC
Kenya	Standard Chartered Bank Kenya Limited
Korea (South)	Citibank Korea Inc.
Kuwait	Citibank N.A., Kuwait Branch
Latvia	Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS
Lithuania	Swedbank AS, based in Estonia and acting through its Lithuanian branch, Swedbank AB
Luxembourg	only offered through the ICSDs- Euroclear & Clearstream
Macedonia	Raiffeisen Bank International AG
Malaysia	Citibank Berhad

Malta	Citibank is a direct member of Clearstream Banking, which is an ICSD.
Mauritius	The Hong Kong & Shanghai Banking Corporation Limited
Mexico	Banco Nacional de Mexico, SA
Morocco	Citibank Maghreb S.A
Namibia	Standard Bank of South Africa Limited acting through its agent, Standard Bank Namibia Limited
Netherlands	Citibank Europe plc
New Zealand	Citibank, N.A., New Zealand Branch
Nigeria	Citibank Nigeria Limited
Norway	Citibank Europe plc
Oman	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Oman S.A.O.G
Pakistan	Citibank, N.A., Pakistan Branch
Panama	Citibank N.A., Panama Branch
Peru	Citibank del Peru S.A
Philippines	Citibank, N.A., Philippine Branch
Poland	Bank Handlowy w Warszawie SA
Portugal	Citibank Europe plc
Qatar	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited
Romania	Citibank Europe plc, Dublin - Romania Branch
Russia	AO Citibank*

Saudi Arabia	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Saudi Arabia Ltd.
Serbia	UniCredit Bank Srbija a.d.
Singapore	Citibank, N.A., Singapore Branch
Slovak Republic	Citibank Europe plc pobočka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d. Ljubljana
South Africa	Citibank N.A., South Africa Branch
Spain	Citibank Europe plc
Sri Lanka	Citibank, N.A. Sri Lanka Branch
Sweden	Citibank Europe plc, Sweden Branch
Switzerland	Citibank N.A., London Branch
Taiwan	Citibank Taiwan Limited
Tanzania	Standard Bank of South Africa acting through its affiliate Stanbic Bank Tanzania Ltd
Thailand	Citibank, N.A., Bangkok Branch
Tunisia	Union Internationale de Banques
Turkey	Citibank, A.S.
Uganda	Standard Chartered Bank of Uganda Limited
Ukraine	JSC Citibank
UAE-Abu Dhabi Securities Exchange	Citibank N.A., UAE

United Arab Emirates DFM	Citibank N.A., UAE
United Arab Emirates NASDAQ Dubai	Citibank N.A., UAE
United Kingdom	Citibank N.A., London Branch
United States	Citibank N.A., New York offices
Uruguay	Banco Itau Uruguay S.A.
Vietnam	Citibank N.A., Hanoi Branch

*Due to international sanctions, at the date of this Prospectus investing in or transferring assets in and/or out of Russia is not permitted.

DIRECTORY

Manager: abrtn Fund Managers Limited
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EC2M 4AG

Address for correspondence:

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CM99 2EE

Investment adviser: abrtn Investment Management
Limited 1 George Street
Edinburg
h EH2
2LL

Sub-Adviser: Company No. SC317950
abrtn Capital Limited
1 George Street
Edinburg
h EH2
2LL

Trustee: Company No. SC317950
Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Auditors:	Registered Address: KPMG LLP St Vincent Plaza 319 St Vincent Street Glasgow G2 5AS	Address for Correspondence: KPMG LLP St Vincent Plaza 319 St Vincent Street Glasgow G2 5AS
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Register of Unitholders

The register of *unitholders* is held by SS&C Financial Services Europe Limited.

The register of *unitholders* 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.

