



abrdn Phoenix Fund*

Prospectus
1 January 2023

*This fund was previously known as Aberdeen Standard Capital Phoenix Fund.

[abrdn.com](https://www.abrdn.com)

ABRDN PHOENIX FUND

PROSPECTUS

abrdn Fund Managers Limited is the *manager* (“*manager*”) of the abrdn Phoenix 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 1 January 2023

PROSPECTUS OF ABRDN PHOENIX FUND

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

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 The fund is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published Prospectus.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 Financial Services and Markets Act 2000 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 15 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 required information is not provided to us, information about the investor's *unitholding* may be passed to HM Revenue & Customs in order to be passed 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	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
Approved Derivative	A <i>derivative</i> which is traded or dealt on an eligible <i>derivatives</i> market, and any transaction in such a <i>derivative</i> must be effected on or under the rules of the market.
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 Mortgage-Backed.
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 <i>manager</i> 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 manager 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 funds</i> 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 or EPM	The use of techniques and 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	Either a BCD credit institution authorised by its home state regulator or a MiFID investment firm authorised by its home state regulator.
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 Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.
FCA Rules	The <i>FCA Handbook</i> made under the <i>Act</i> .
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> .
Investment Companies / Investment Trusts	Companies usually listed on a stock exchange which invest in assets such as company shares, <i>bonds</i> , <i>commodities</i> or infrastructure projects on behalf of their shareholders.
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 cost</i> 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> of the fund 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 commercial or residential property.
Register of Unitholders	The <i>register of unitholders</i> of the fund.
Repo /Reverse Repo	An agreement between two parties, one of which is the fund, to sell or buy an asset and later reverse the trade at a pre-agreed date and price.

Risk Target	Refers to a level of risk which the management team has in mind when managing a particular fund. In this context, “risk” refers to the <i>volatility</i> of the fund’s <i>unit</i> price. May be expressed relative to an index, or as a particular value. Although the management team aims to achieve the <i>Risk Target</i> , there is no certainty this will be achieved.
Rolling	Refers to periods of time which are of a consistent length and which continually move (or “roll”) forward as time elapses. So “ <i>rolling</i> three year periods” refers to a period of time going back three years from a given date, where the given date moves forward by 1 day every day.
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> .
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.
Sector/Sector Weightings	A grouping of companies or businesses which are categorised for investors as operating in similar industry or market and sharing similar characteristics. “ <i>Sector weightings</i> ” refers to the proportion of a fund invested in a particular <i>sector</i> or <i>sectors</i> . Additionally, similar funds are typically grouped together by organisations such as the Investment Association as a means of facilitating performance comparisons – these groups are also referred to as “ <i>sectors</i> ”.
Short Position	A <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	Synthetic Risk and Reward Indicator; as used in Key Investor Information Documents, this is a measure of fund risk represented by a 1 to 7 scale where “1” represents the lowest and “7” the highest risk, based on historic fund price <i>volatility</i> .
Sub Investment Grade	Sub investment grade bonds have a lower rating as judged by a rating agency than investment grade bonds and are thus judged to be more likely to default on their obligations to repay the loan and the interest.
Swaps	A <i>Swap</i> is a <i>derivative</i> contract through which two parties exchange the <i>cash</i> flows or liabilities from two different financial instruments.
Trust Deed	The <i>trust deed</i> constituting the fund dated 18 March 1996, 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.
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.
Unit Class Restrictions	has the meaning given to in Section 10.2.
United States	The <i>United States</i> of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
Unitholder	A holder of registered <i>units</i> in the fund.

U.S. Person	<p>means a person who is in either of the following two categories:</p> <ul style="list-style-type: none"> (a) a person included in the definition of “<i>U.S. person</i>” under Rule 902 of Regulation S under the Securities Act; or (b) a person excluded from the definition of a “<i>Non-United States person</i>” as used in Commodity Futures Trading Commission (“CFTC”) Rule 4.7. <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> <ul style="list-style-type: none"> (a) any natural person resident in the <i>United States</i> (including U.S. residents temporarily residing abroad); (b) any partnership or corporation organised or incorporated under the laws of the <i>United States</i>; <ul style="list-style-type: none"> (c) any estate of which any executor or administrator is a <i>U.S. person</i>; (d) any trust of which any trustee is a <i>U.S. person</i>; (e) any agency or branch of a non-U.S. entity located in the <i>United States</i>; (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>; (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 (h) any partnership or corporation if: <ul style="list-style-type: none"> (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and (ii) formed by a <i>U.S. person</i> principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts. <p>Notwithstanding the preceding paragraph, “<i>U.S. person</i>” 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-<i>U.S. person</i> by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the <i>United States</i>; (ii) any estate of which any professional fiduciary acting as executor or administrator is a <i>U.S. person</i>, if (A) an executor or administrator of the estate who is not a <i>U.S. person</i> has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-<i>United States</i> law; (iii) any trust of which any professional fiduciary acting as trustee is a <i>U.S. person</i>, if a trustee who is not a <i>U.S. person</i> 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 <i>U.S. person</i>; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the <i>United States</i> and customary practices and documentation of such country; (v) any agency or branch of a <i>U.S. person</i> located outside the <i>United States</i> 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.</p> <p>CFTC Rule 4.7 currently provides in the relevant part that the following persons are considered “<i>Non-United States persons</i>”:</p> <ul style="list-style-type: none"> (a) a natural person who is not a resident of the <i>United States</i>; (b) 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; (c) an estate or trust, the income of which is not subject to <i>United States</i> income tax regardless of source; (d) an entity organised principally for passive investment such as a pool,
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	<p>investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as <i>Non-United States persons</i> 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 <i>Non-United States persons</i> in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being <i>non-United States persons</i>; or</p> <p>(c) 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>
Valuation Point	12 noon on every <i>dealing day</i> .
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 <i>short term</i> 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 abrdn Phoenix Fund is an authorised unit trust, established under the *Trust Deed* and is authorised and regulated by the Financial Conduct Authority. The effective date of the authorisation order for the fund made by the Financial Services Authority (the predecessor of the *FCA*) was 10 April 1996. The fund's *FCA* Product Reference Number is 177993.
- 1.2 The head office of the *manager* is at Bow Bells House, 1 Bread Street, London, EC4M 9HH, 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*".
- 1.6 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.
- 1.7 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

To generate growth with income over the *long term* (5 years or more) by investing in a *diversified* portfolio of equities (company shares and *investment companies*) and *bonds* (loans to governments or companies).

Performance Target: To exceed the return of the ARC Private Client Indices (PCI) Balanced Asset Index per annum, evaluated over rolling three year periods (aftercharges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The 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

- The fund invests at least 70% in global equities (company shares and *investment companies*), and *bonds* including government *bonds* (loans to a government) and *investment grade corporate bonds* (loans to a company) issued anywhere in the world.
- The fund's equity holdings may include for example investments in companies operating in *infrastructure*, energy, property and *commodities*.
- The fund's *bond* holdings may include for example investment in sub-sovereign debt, *sub-investment grade* and convertible issued anywhere in the world.
- The fund has flexibility to seek returns from currencies.
- The fund may also invest in other funds (including those managed by abrdn), *money-market instruments*, and *cash*.

2.2.2 Management Process

- The management team use their discretion (*active management*) to identify holdings and *derivatives* based on an analysis of global economic and market conditions (for example, *interest rates* and inflation) and analysis of a company's prospects and *creditworthiness* compared to that of the market.
- They focus on selecting company shares, *bonds* and *derivatives*, and ensuring that the allocation of assets meets the fund's objectives.
- The team also seek to reduce the risk of losses and the expected change (as measured by annual *volatility*) in the value of the fund, is not ordinarily expected to exceed 12%.

2.2.3 Derivatives and Techniques

- The fund may routinely use *derivatives* to reduce risk, to reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "*efficient portfolio management*"), and for investment purposes.
- *Derivatives* include instruments used to manage expected changes in *interest rates*, companies share prices, currencies or *creditworthiness* of corporations or governments.
- The fund may also invest in other funds which may use *derivatives* extensively although these investments shall be in line with fund's overall risk profile.

2.2.4 Specific Risks (for more details see Section 24)

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

- (i) Equity risk
- (ii) Credit risk
- (iii) *Interest rate* risk
- (iv) *Emerging markets* risk
- (v) China A/Stock Connect risk
- (vi) *Derivatives* risk
- (vii) *High yield* Credit risk

2.2.5 Target Market

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

3. Management and Administration

3.1 The Manager¹

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

Directors of abrdrn Fund Managers Limited are:

Directors

Adam Shanks

Aron Mitchell

Carolán Dobson*

Denise Thomas

Emily Smart

Jamie Matheson*

Rowan McNay

* Independent Non-Executive Director of abrdrn Fund Managers Limited

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

A complete list of other directorships can be provided on written request. 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 abrdrn 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 abrdrn Group of companies (including the *manager*) for the provision of services. As at the date of this Prospectus services which are provided on an on-going basis by external suppliers include fund accounting, investor record keeping and transfer agency (i.e. the processing of applications for sales, redemptions, conversions and switches, servicing investor requests and enquiries relating to the fund).

3.2 The Manager's Remuneration Policy

In accordance with the *FCA rules*, 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

¹ abrdrn 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.

- 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.

3.3 Registered office and head office

Bow Bells House

1 Bread Street

London

EC4M 9HH

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's 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, which was until 31 March 2020 known as DST 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 (together "SS&C"). The *investment adviser* is an associate of the *manager*.

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

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

abrdn OEIC IV ⁵
abrdn OEIC V ⁶
abrdn OEIC VI ⁷
abrdn OEIC VII ⁸
abrdn UK Real Estate Funds 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 Falcon Fund ¹²
abrdn Merlin 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

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 Falcon Fund

¹³ This fund was previously known as Aberdeen Standard Capital Merlin 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

abrdn (Lothian) Global Equity Trust II ²³
 abrdn (Lothian) International Trust ²⁴
 abrdn (Lothian) Japan Trust ²⁵
 ASI (Standard Life) Multi-Asset 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

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

4. The Trustee

The trustee and depositary of the fund is Citibank UK Limited³⁵. 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.

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

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 depositary of the fund with effect from 00.01 on 23 October 2021.

4.1 Terms of appointment

- 4.1.1** The appointment of the *trustee* as depositary or 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 “Depositary Agreement”).
- 4.1.2** Under the terms of the Depositary 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:
- (a) *Cash* monitoring and verifying the fund’s *cash* flows;
 - (b) Safekeeping of the *scheme property*;
 - (c) 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;
 - (d) Ensuring that in transactions involving *scheme property* any consideration is remitted to the fund within the usual time limits;
 - (e) Ensuring that the fund’s income is applied in accordance with the *trust deed*, the Prospectus, applicable law, rules and regulations; and
 - (f) 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 *FCA Rules* 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:

- 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;
- 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 or a depositary as reflected in common industry practice;
- 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 *FCA rules* 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:

- The *trustee* has properly identified any such potential conflict of interest;
- The *trustee* has functionally and hierarchically separated the performance of the trustee and depositary tasks from other potentially conflicting tasks; and
- 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 (formerly known as Standard Life Investments Limited) (which is an associate of the *manager*) as Investment Adviser, to provide discretionary management services to the *manager* 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 by 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 *FCA rules* 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 out with the Abdrn 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 abrdn Investment Management Limited 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 out of the fund, the fees of the *investment adviser* (both in respect of acting as *investment adviser* and in respect of its other functions) for 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 *manager* has delegated certain administration functions to SS&C. These services include processing applications for the sale and redemption of *units*, the servicing of certain investor requests and enquiries and other administration services relating to the fund.

The 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 registrar are payable out of the General Administration Charge as set out below.

8. Conflicts of Interest

The *manager*, the *trustee* and the *investment adviser* are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the fund. In addition, the fund may enter into transactions at arm's length with companies in the same group as the *manager* and Investment Adviser.

The *trustee* may, from time to time, act as *trustee* of other funds.

Each of the parties will, to the extent of their ability and in compliance with the *COLL sourcebook*, ensure that the performance of their respective duties will not be impaired by any such involvement.

9. Characteristics of Units in the Fund

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

10. Classes of Units

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 B Accumulation *units*, B Income *units*, P *units* (Net Income), P *units* (Net Accumulation), Z *units* (Net Income) and Z *units* (Net Accumulation). Currently B Accumulation *units*, B Income *units*, Z *units* (Net Income) and Z *units* (Net Accumulation) are available for issue. Further details on the classes of *unit(s)* currently are available for issue are set out in Appendix 1 to this Prospectus.

10.2 Investment in each class of *unit(s)* is restricted to meeting certain requirements regarding minimum initial investment (as set out below) and minimum holdings (as set out in Appendix 1), (the "*unit Class Restrictions*"):

10.2.1 B Income *units* and B Accumulation *units* are *units* which are available to any retail investor or any institutional investor. The minimum initial investment in B Income *units* and B Accumulation *units* is £500,000 and the minimum subsequent investment is £5,000.

10.2.2 Z *units* (Net Income) and Z *units* (Net Accumulation) are *units* available exclusively to investors who are clients of abrdrn Capital Limited or abrdrn Capital International Limited and who have made specific fee arrangements with abrdrn Capital Limited or abrdrn Capital International Limited under a separate investment management agreement with abrdrn Capital Limited or abrdrn 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.

10.2.3 Holders of *units* (of whatever class) in respect of which income allocated to those *units* is distributed periodically under *FCA rules* 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. Net income is distributed to *unitholders* and the price of *units* will be adjusted accordingly on the ex-dividend date.

10.3 Holders of *units* (of whatever class) in respect of which income allocated to such *units* is credited periodically to capital under *FCA* regulation 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*.

10.4 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.

10.5 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

- 11.1 A contract note giving details of the *units* purchased and the price used will be issued by the end of the Business Day following the *valuation point* by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.
- 11.2 Settlement is due on receipt by the purchaser of the contract note.
- 11.3 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.
- 11.4 Statements in respect of *units* (of whatever class) in respect of which income allocated to those *units* is distributed periodically under *FCA rules* net of any tax deducted or accounted for by the fund will show the number of *units* held by the recipient in the fund in respect of which the distribution is made. 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 holder.

12. Buying, Selling and Converting Units

The dealing office of the *manager* is open from 9 am until 5.30 pm on each *dealing day* to receive requests for the issue, redemption and conversion of *units*, which will be effected at prices determined at the next *valuation point* following receipt of such request.

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.

12.1 Client Money

In certain circumstances (including in relation to the buying and selling of *units* (see pages 16 to 17)), 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 45.

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.

12.2 Buying Units

12.2.1 Procedure

B Accumulation *units*, B Income *units*, Z *units* (Net Income) and Z *units* (Net Accumulation)

can be bought either by sending a completed application form to the *manager* at PO Box 12233, Chelmsford, CM99 2EE or by telephoning the *manager* on 0345 113 6966 (or +44 (0)1268 44 5488 if outside the UK) (although the request must be confirmed in writing). Application forms may be obtained from the *manager*.

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. In addition the *manager* may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of *units* has been issued will not be returned to the applicant. Instead, fractions of *units* will be issued in such circumstances.

12.2.2 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.

12.2.3 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.

12.2.4 Minimum subscriptions and holdings

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

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

12.2.5 In specie investment

The *manager* may arrange for the fund to issue *units* in exchange for assets other than money, but will only do so where the *trustee* is satisfied that the fund's acquisition of those assets in exchange for the *units* concerned is not likely to result in any material prejudice to the interests of *unitholders*. 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*. The *manager* will not issue *units* in exchange for assets the holding of which would be inconsistent with the investment objective of the fund. The *manager* may, if it considers the deal substantial in relation to the total size of the fund, arrange for the fund to create the *units* and transfer assets from the *unitholder* instead of the *unitholder* paying the price of the *units* in *cash*. A deal involving *units* representing 5% or more in value of the fund will normally be considered substantial, although the *manager* may in its discretion agree an in specie investment where the *units* to be created represent less than 5% in value of the fund.

12.3 Selling Units

12.3.1 Procedure

Every *unitholder* has the right to require the fund to redeem their *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.

Requests to redeem *units* may be made to the *manager* by telephone on 0345 113 6966 (or +44 (0)1268 44 5488 if outside the UK) (although the request must be confirmed in writing) or in writing to the *manager* at PO Box 12233, Chelmsford, CM99 2EE.

On the sale of *units*, the register will be updated and the relevant holdings removed. Cheques or telegraphic transfers in satisfaction of the redemption monies will be issued no later than the Settlement Date.

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.

12.3.2 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*) or their duly authorised agents. In addition they will receive (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the *unitholder* (and, in the case of a joint holding, by all the joint holders) no later than the end of the Business Day following the *valuation point* by reference to which the redemption price is determined.

12.4 Settlement Date

12.4.1 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.

12.4.2 By way of example, if an investor instructs the *manager* in writing to purchase units at 09.00 on a Monday (and assuming that all the relevant days are "Business Days"), 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 23 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.

12.3.3 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.

12.5 In specie redemption

- 12.5.1 If a *unitholder* requests the redemption or cancellation of *units*, the *manager* may, if it considers the deal substantial in relation to the total size of the fund, arrange for the fund to cancel the *units* and transfer *scheme property* to the *unitholder* instead of paying the price of the *units* in *cash*, or, if required by the *unitholder*, pay the net proceeds of sale of the relevant *scheme property* to the *unitholder*. A deal involving *units* representing 5% or more in value of the fund will normally be considered substantial, although the *manager* may in its discretion agree an in specie redemption with a *unitholder* whose *units* represent less than 5% in value of the fund.
- 12.5.2 Before the proceeds of cancellation of the *units* become payable, the *manager* will give written notice to the *unitholder* that *scheme property* (or the proceeds of sale of that *scheme property*) will be transferred to that *unitholder*.
- 12.5.3 The *manager* will select the property to be transferred (or sold) in consultation with the *trustee*. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming *unitholder* than to continuing *unitholders*. Where the in specie redemption is not a pro-rata in specie redemption stamp duty reserve tax may be payable.

12.6 Conversions

- 12.6.1 A *unitholder* in the fund may at any time convert all or some of his *units* of one class (“Old *units*”) for *units* of another class (“New *units*”) subject to meeting the *unit* Class Restrictions for the New *units*. Conversions may be effected either by telephone on free phone 0345 113 6966 (or +44 (0)1268 44 5488 from out with the UK) (although the request must be confirmed in writing) or in writing to the *manager* and the *unitholder* may be required to complete a form (which, in the case of joint *unitholders*, must be signed by all the joint *unitholders*) before a conversion is effected.
- 12.6.2 The *manager* may at its discretion charge a fee on the conversion of *units* between classes. The *manager* does not currently apply a charge for conversions.
- 12.6.3 If the conversion would result in the *unitholder* holding a number of Old *units* or New *units* of a value which is less than the minimum holding in the class concerned, the *manager* may, if it thinks fit, convert the whole of the applicant’s holding of Old *units* to New *units* or refuse to effect any conversion of the Old *units*. No conversion will be made during any period when the right of *unitholders* to require the redemption of their *units* is suspended.
- 12.6.4 Conversions may not be effected by the *manager* at the next *valuation point* following receipt of the convert form 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*. Conversions will be effected by the *manager* recording the change of class on the Register.
- 12.6.5 A *unitholder* who converts between classes of *units* will not be given a right by law to withdraw from or cancel the transaction.
- 12.6.6 The fund consists of a single fund of assets and so switching to other funds within the fund cannot take place.
- [12.6.7](#) 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. Dealing Charges

13.1 Initial charge

The *manager* may impose a charge on the sale of *units* to investors which is based on the amount invested by the prospective investor. The initial charge is payable to the *manager*. Full details of the current initial charge are set out in Appendix 1. The initial charge may be waived or reduced at the sole discretion of the *manager*. The *manager* may not increase the initial charge, unless, not less than 60 days before the introduction, it has given notice in writing to the then current *unitholders* of that increase and has received and made available the Prospectus to reflect the introduction and the date of its commencement.

13.2 Redemption charge

The *manager* may make a charge on the redemption of *units*. At present no redemption charge is levied.

The *manager* may not introduce a redemption charge on *units* unless, not less than 60 days before the introduction, it has given notice in writing to the then current *unitholders* of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the *units* being redeemed and will be paid by the fund to the *manager*.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the *manager*.

14. Dilution Adjustment

- 14.1** 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,
- 14.2** 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 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.
- 14.3** 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 trust, an open ended investment company or any other collective investment scheme ('a collective investment vehicle'), the *manager* may base the calculation of that part of the Dilution Adjustment relating to that investment on the calculation of the Dilution Adjustment on a look-through to the underlying assets of that collective investment vehicle.
- 14.4** 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.
- 14.5** The Dilution Adjustment may also be charged:
- 14.5.1** where the fund is in continual decline;
- 14.5.2** on the fund experiencing large levels of net sales relative to its size;
- 14.5.3** in any other case where the *manager* is of the opinion that the interests of *unitholders* require imposition of a Dilution Adjustment.
- 14.6** Where a Dilution Adjustment applies to the fund at a *valuation point*:
- 14.6.1** 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
- 14.6.2** 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.
- 14.7** 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. 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.
- 14.8** *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 Phoenix Fund	0.27	0.15	2

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 proof of identity, for example when buying *units*.

The *manager* reserves the right to refuse to sell *units*, pay the proceeds of a redemption of *units*, or pay income if it is not satisfied as to the identity of the applicant.

15. Restrictions and Compulsory Transfer and Redemption

- 15.1** 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:
- 15.1.1** 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
- 15.1.2** which would (or would if other *units* 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).
- 15.2** 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 15.1.1 and 15.1.2 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 *FCA rules*. 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 *FCA rules*.
- 15.3** 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 15.1.1 and 15.1.2 shall immediately, unless he has already received such a notice pursuant to section 15.2, 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 *FCA rules*.

16. Suspension of Dealings in the Fund

- 16.1** The *manager* may, with the agreement of the *trustee*, or must if the *trustee* so requires, temporarily suspend the issue, cancellation, sale and redemption of Units, if the *manager* or the *trustee* is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of all *unitholders* in the fund.
- 16.2** 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.
- 16.3** 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.
- 16.4** 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.
- 16.5** 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.
- 16.6** 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*.
- 16.7** 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.

16.8 The cancellation price of the fund last notified to the *trustee* is available on request from the *manager*.

17. Governing Law

All deals in *units* are governed by English law.

18. Valuation of the Fund

18.1 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 the *valuation point*.

18.2 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.

19. Calculation of the 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:

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

19.2 Property which is not *cash* (or other assets dealt with in section 19.3 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:

19.2.1 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;

19.2.2 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;

19.2.3 property other than that described in 19.2.1 and 19.2.2 above, at a value which, in the opinion of the *manager*, represents a fair and reasonable mid-market price.

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

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

19.4.1 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*;

19.4.2 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*;

19.4.3 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*.

- 19.5 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.
- 19.6 Subject to sections 19.7 and 19.8 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.
- 19.7 *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 19.6.
- 19.8 All agreements are to be included under section 19.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 19.9 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 (if any).
- 19.10 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.
- 19.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 19.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 19.13 Add any other credits or amounts due to be paid into the *scheme property*.
- 19.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 19.15 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.
- 19.16 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.
- 19.17 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.

20. Unit Price

The price per *unit* at which *units* are sold is the sum of the *net asset value* of a *unit* and any initial charge. The price per *unit* at which *units* are redeemed is the *net asset value* per *unit* less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution adjustment, as described above.

21. Pricing Basis

- 21.1.1 The fund deals on a forward pricing basis. A forward price is the price calculated at the next *valuation point* after the sale or redemption is agreed. 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 *unit holders* or any of them, for any profit or benefit made or derived in connection with:
 - 21.1.2 the dealing in *units* of the fund; or
 - 21.1.3 their part in any transaction for the supply of services permitted by the *COLL sourcebook*; or
 - 21.1.4 their dealing in property equivalent to any owned by (or dealt in for the account of) the *trustee*.

22. Publication of Prices

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

23. Risk Management

23.1 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.

23.2 The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

23.2.1 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

23.2.2 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.

23.3 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.

24. Risks

All investments involve risk. "General Risks" mostly apply to all funds; "Specific Risks" are particularly relevant where noted below in 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 fund. However, when charges are taken from capital, more income is generally available to distribute to unitholders.

24.1 General Risks

24.1.1 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.

24.1.2 Counterparty Risk

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

The bankruptcy or insolvency of a counterparty could result in delays in getting back securities or *cash* of the fund's that were in the possession of the counterparty. This could mean the fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce

its rights, which process itself is likely to create additional costs. Various operational risks could also cause delays even if there is no inability of the counterparty to pay.

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

24.1.3 Currency Risk

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

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

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

24.1.4 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 investors net buying power to decline over time.

24.1.5 Liquidity Risk

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

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

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

24.1.6 Management Risk

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

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

24.1.7 Market Risk

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

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

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

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

24.1.8 Operational Risk

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

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

24.1.9 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.

24.1.10 Risks specific to investment in funds

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

The actions of other investors, in particular sudden large outflows of *cash*, could interfere with orderly management of the fund and cause its *NAV* to fall.

The investor cannot direct or influence how money is invested while it is in the fund.

- The fund's buying and selling of investments may not be optimal for the tax efficiency of any given investor.
- The fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance; to the extent that the fund decides to register in jurisdictions that impose narrower limits, this decision could further limit its investment activities.
- Because fund units are not publicly traded, the only option for liquidation of units is generally redemption, which could be subject to any redemption policies set by the fund.
- To the extent that the fund invests in 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
- The fund may not be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider's misconduct
- To the extent that the fund conducts business with affiliates of in the abrdn group, and these affiliates (and affiliates of other service providers) do business with each other on behalf of the fund, conflicts of interest may be created (although to mitigate these, all such business dealings must be conducted on an "arm's length" basis, and all entities, and the individuals associated with them, are subject to strict "fair dealing" policies that prohibit profiting from inside information and showing favouritism).

24.1.11 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.

24.1.12 Suspension and Termination

Investors should note that in exceptional circumstances, the *manager* may, after consultation with the *trustee*, suspend the issue, cancellation, sale and redemption (including switching) of units in any and all funds and classes.

24.1.13 Taxation Risks

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

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

24.1.14 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.

24.2 Specific Risks

24.1.1 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.

24.1.2 Credit and High Yield Credit Risk

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

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

Bonds that are in default may become *illiquid* or worthless. Below *investment grade bonds* are considered speculative. Compared to *investment grade bonds*, the prices, and *yields* of below *investment grade bonds* are more sensitive to economic events and more *volatile*, and the *bonds* are less *liquid*. In general, lower quality *bonds* are more likely to default on obligations, and to be unable to repay principal if they do, particularly if they are unsecured or subordinate to other obligations.

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

24.1.3 Interest rate Risk

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

24.1.4 Derivatives Risk

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.

24.1.4.1 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 counterparty can lead to a decline in the value of OTC contracts with that counterparty. If 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 fund, which could leave the fund unable to operate efficiently and competitively.

24.1.4.2 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.

24.1.4.3 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.

24.1.5 Emerging Markets Risk

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

Reasons for this higher level of risk include:

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

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

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

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

24.1.6 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.

24.1.7 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.

25. Historical Performance Data

Historical performance data for the fund are set out in Appendix 3. Historical performance data should not be seen as an indication of future results.

26. Charges and Expenses

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

26.1 Annual Management Charge

26.1.1 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”).

26.1.2 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.

26.1.3 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.

26.1.4 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).

26.1.5 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.

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

26.2 General Administration Charge

26.1.7 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.

26.1.8 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.

26.1.9 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.

26.1.10 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.

26.1.11 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.
- (c) 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.

26.1.12 The *manager* currently pays for all or part of the General Administration Charge for the fund.

26.1.13 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 26.1.

26.3 Other Fees and Expenses

26.4.1 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 funds.

27 Unitholder Meetings and Voting Rights

27.1 Requisitions of meetings

27.1.1 The *manager* or *trustee* may requisition a general meeting at any time.

27.1.2 *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 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.

27.2 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 such meeting either in person or by proxy. 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.

27.3 Voting rights

27.2.1 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.

27.2.2 On a poll vote, a *unitholder* may vote either in person or by proxy. 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.

27.2.3 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.

27.2.4 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.

27.2.5 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.

27.2.6 The *manager* may not be counted in the quorum for a meeting and neither the *manager* nor any associate (as defined in the *FCA rules*) of the *manager* is entitled to vote at any meeting of the fund except in respect of *units* which the *manager* or associate holds on behalf of or jointly with a person who, if the registered *unitholder*, would be entitled to vote and from whom the *manager* or associate has received voting instructions.

27.2.7 "*Unitholders*" in this context means *unitholders* on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the *manager* not to be *unitholders* at the time of the meeting.

28 Class Meetings

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

The rights attached to a *unit* class may not be varied without the sanction of a resolution passed at a meeting of *unitholders* of that *unit* class by a seventy-five per cent majority of those votes validly cast for and against such resolution.

29 Taxation of the Fund

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.

29.1 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.

29.2 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.

30 Taxation of Individual Unitholders

30.1 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.

30.2 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.

30.3 Income tax

It 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.

31 Taxation of Corporate Investors

31.1 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. Distributions from the Funds.

As noted in section 30.3 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 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.

31.2 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:

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

32 Taxation of Chinese Equities

32.1.1 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 Company or each fund is not Chinese tax resident enterprises or non-tax resident enterprises 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 Company or each fund is tax resident, or applicable China tax regulations.

The Ministry of Finance ("MOF"), the State Taxation Administration ("STA") and 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 Funds) 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.

32.1.2 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.

32.1.3 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 funds may be adversely affected, as the funds will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities of the funds will only impact shares in issue of the funds at the relevant time, and the then existing shareholders and subsequent shareholders of such funds will be disadvantaged as such shareholders will bear, through the funds, 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 funds as assets thereof. Notwithstanding the above change in tax provisioning approach, persons who have already redeemed their shares in the funds before the return of any overprovision to the account of the funds 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 funds. Shareholders should seek their own tax advice on their tax position with regard to their investment in the funds.

33 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.

34 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.

35 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 and 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.

36 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.

37 Winding Up of the Fund

37.1 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 *Financial Services & Markets Act 2000*), or on the effective date of a duly approved scheme of arrangement which is to result in the fund being left with no property.

37.2 The fund may be wound up under the *COLL sourcebook* if:

37.2.1 an extraordinary resolution to that effect is passed by *unitholders*; or

37.2.2 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

37.2.3 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.

36.3 On the occurrence of any of the above:

36.3.1 *COLL 5* (Investment and Borrowing Powers), *COLL 6* (in relation to dealing and valuation and pricing) of the *FCA rules*, concerning Investment and Borrowing Powers and Pricing and Dealing will cease to apply;

36.3.2 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;

36.3.3 no transfer of a *unit* shall be registered and no other change to the register shall be made without the sanction of the *manager*;

36.3.4 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;

- 36.3.5 the powers of the fund and, subject to the provisions of sections 36.3.1 to 36.3.4 above, the powers of the *manager* shall remain until the fund is dissolved.
- 36.4 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.
- 36.5 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.
- 36.6 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.
- 36.7 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.

38 General Information

38.1 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 Bow Bells House, 1 Bread Street, London, EC4M 9HH. Copies of these documents may also be obtained by writing to the *manager* at its registered office. 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).

38.2 Annual reports and accounting periods

The annual accounting period of the fund ends each year on 31 July and the annual report of the fund will be published in long form within four months of each annual accounting period. The interim accounting period of the fund ends each year on 31 January and the half-yearly report will be published in long form within two months of each interim accounting period. The annual report and half-yearly long reports report are available to *unitholders* on request.

38.3 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.

38.4 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.

38.5 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 *FCA rules* to obtain the best possible result for the fund.

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

38.6 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.

38.7 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.

38.8 Inducements

The *manager* will make such disclosures to the *trustee* regarding inducements as are required under the *FCA rules*.

38.9 Late trading and market timing

"Late Trading" is defined as the acceptance of a subscription, redemption or switch 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.

38.10 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 this plan may be accessed, free of charge, upon request, from the *manager*.

38.11 Personal Data, Processing and Disclosing of Data Processing of Personal Data

In accordance with data protection laws and regulations applicable in the United Kingdom, including from 25 May 2018 the General Data Protection Regulation (“GDPR”), the investors, the investors’ individual representatives (where applicable) and the investors’ ultimate beneficial owner or owners (each the “Data Subjects”) are informed that the *manager* (the “Data Controller”) may collect, record, store and transfer or otherwise process any Personal Data (as defined below), either electronically or by other means, at the time of subscription by the investors and at any other time during the contractual relationship.

The data processed may include, but is not limited to, the name and other contact details, date of birth, tax identifier, passport number, holdings, bank account details, knowledge and investment experience, financial situation and investments objectives, and function and powers of the Data Subjects (the “Personal Data”). Personal Data is collected directly from Data Subjects in communications with us or may be collected through our online services such as websites, social media and mobile device applications.

Personal Data may be processed for the following purposes:

- (i) to offer investment in *units* to investors and to perform the related services as contemplated in this Prospectus (such as the provision of corporate, administrative and transfer agent services to the fund and the investors including the processing of subscriptions and redemptions or transfer of *units*);
- (ii) to perform direct or indirect marketing activities (such as market research or in connection with investments in other investment funds managed by the *manager* or any associated company); and
- (iii) to assist the Data Controller to comply with their respective legal and regulatory obligations including, but not limited to, legal obligations under applicable fund and company law (such as maintaining the register of investors and recording orders), prevention of terrorism law, anti- money laundering law, prevention and detection of crime, and tax law.

The Data Controller may collect, use, store, retain, transfer and/or otherwise process Personal Data as follows:

- (a) to the extent that the investor separately provides consent for direct or indirect marketing activities, the basis of such consent; and/or;
- (b) as a result of the subscription of *units* or to take steps at the request of individuals prior to subscription, including the holding of *units* in general; and/or;
- (c) to comply with a legal or regulatory obligation; and/or;
- (d) in the event the investor is represented by an individual representative, the investor’s individual representative’s Personal Data may be processed in order to allow the Data Controller to pursue its legitimate interests of providing the *units* to the investors and

performing the related services as contemplated in this Prospectus.

The Data Controller will take steps to ensure that all Personal Data in relation to the Data Subjects is recorded accurately and maintained in a secure and confidential format. Such Personal Data will be retained only as long as necessary for the purposes for which it has been collected in accordance with applicable laws and regulations.

Disclosure of Data

The *manager* may delegate the processing of Personal Data to one or several entities including but not limited to the Investment Adviser, the Sub-Advisers, any associated company of the *manager*, SS&C Europe, SS&C Limited, the *trustee*, the Depositary, any distributor or sub-distributor, the Auditors, legal and financial advisers, IT providers as well as any other service providers to the Data Controller and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns (the “Data Processors”).

The Data Processors may be located in the United Kingdom or the *EEA* and/or outside the *EEA* (including but not limited to the *United States*, Hong Kong, Singapore and India). The Data Controller will ensure that the transfer of Personal Data outside the United Kingdom or the *EEA* is always done so securely and in compliance with applicable data protection laws and regulations. The Data Controller may transfer Personal Data outside the United Kingdom or the *EEA* (i) on the basis of an adequacy decision of the United Kingdom or the European Commission with respect to the protection of personal data and/or on the basis of the EU- US Privacy Shield framework or (ii) on the basis of appropriate safeguards according to applicable data protection laws and regulations, such as standard contractual clauses, binding corporate rules.

The *manager* undertakes not to transfer the Personal Data to any third parties other than the Data Processors. The *manager* may, however, disclose and transfer Personal Data to courts and/or legal regulatory, tax and Government Authorities in various jurisdictions (including jurisdictions located outside of the United Kingdom or the *EEA*) (“Authorities”) pursuant to UK laws or regulations or foreign laws and regulations relating to any matter in connection with the services subscribed by the investors.

Data Subject Rights; Contact Details of the Data Protection Officer; ICO

After providing Personal Data, Data Subjects have various rights in respect of the Personal Data they provide. These include the right to:

- request access to their personal data;
- obtain information about the use of their personal data including: (i) the purposes for which their personal data is being used; (ii) the categories of their personal data being used; (iii) to whom their personal data has been or will be disclosed; (iv) where possible, the period for which their data will be retained; (v) their right to require rectification or erasure of their personal data or restrict or object to its use; (vi) their right to lodge a complaint with the UK Information Commissioner’s Office (the “ICO”) or other supervisory authority; and (vii) whether their data is subject to any automated decision- making including profiling;
- require rectification (correction) of errors in their personal data without undue delay;
- have their personal data erased without undue delay in certain circumstances including where: (i) their personal data no longer needs to be processed for the purposes for which it was collected; (ii) their personal data has been processed unlawfully; and (iii) erasure is required by applicable law;
- restrict the processing of their personal data in certain situations including where: (i) they are contesting the accuracy of their personal data; (ii) their data is being processed unlawfully but they do not want their data erased; (iii) their personal data is no longer needed for the purposes for which they provided it but the Data Controller require that data to help establish, exercise or defend legal claims;
- receive their personal data in a structured, commonly used and machine-readable format and transmit that data to a third party;
- request a copy of an agreement under which their Personal Data is transferred outside of the United Kingdom or the *EEA*;
- to be notified of a data breach which is likely to result in high risk to their rights and freedoms; and

- where consent is the basis for processing, withdraw such consent at any time.

If Data Subjects wish to exercise any of the rights set out above, contact details can be found below.

To the extent Data Subjects have any questions about the processing of their information, or wish to exercise any of the rights referred to above, please contact the Data Protection Officer at abrdn, 6 St Andrew Square, Edinburgh, EH2 2BD or dataprotectionofficer@abrdn.com.

Data Subjects can also bring any issues or concerns they have regarding their personal data to the attention of the ICO which, for the purposes of an investment in the fund(s), will be the relevant supervisory authority. Details regarding the ICO and its powers can be found at: www.ico.org.uk.

38.12 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*.

38.13 Past performance details

Details of past performance of the fund are contained in Appendix 3.

38.14 Income allocations

Allocations of income are made in respect of the income available for allocation in each accounting period.

Holders of units (of whatever class) in respect of which income allocated to those units is distributed periodically under FCA rules 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. 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. If the holders of such units do not provide bank or building society details, income will be automatically reinvested to purchase further *units*.

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.

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, and deducting the charges and expenses of the fund paid or payable out of income in respect of that accounting period. 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 auditors.

38.15 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 7864 0500 E-mail: complaint.info@financial-ombudsman.org.uk

38.16 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 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

SUMMARY OF APPENDICES

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.

Appendix 3 contains the past performance details for the fund.

The eligible securities and *derivatives* markets in which the fund may invest are contained in Appendix 4 and Appendix 5 respectively.

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 the fund's own investment objective and policy.

The fund is a *UCITS scheme*.

**APPENDIX 1
FUND
DETAILS**

Classes of Units	B Accumulation Units B Income Units Z Units (Net Accumulation) Z Units (Net Income)
Currency of denomination	Pounds sterling
Minimum initial investment	B Accumulation Units - £500,000 B Income Units - £500,000 Z Units (Net Accumulation) – As Agreed Z Units (Net Income) – As Agreed
Minimum subsequent investment	B Accumulation Units – £5,000 B Income Units – £5,000 Z Units (Net Accumulation) – As Agreed Z Units (Net Income) – As Agreed
Minimum withdrawal	None, provided minimum holding remains
Minimum holding	B Accumulation Units - £500,000 B Income Units - £500,000 Z Units (Net Accumulation) – As Agreed Z Units (Net Income) – As Agreed
Initial charge	B Accumulation Units – 3% B Income Units – 3% Z Units (Net Accumulation) – 0% Z Units (Net Income) – 0%

Annual management charge	<p>B Accumulation Units – 1% per annum</p> <p>B Income Units - 1% per annum</p> <p>Z Units (Net Accumulation) – 0% per annum</p> <p>Z Units (Net Income) – 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	31 July
Interim accounting date	31 January
Annual income allocation date	23 September
Interim income allocation dates	24 March
Invest in any Regulated Market or Securities Market of the United Kingdom, a Member State of the EU or states within the EEA which is regulated, operates regularly and is open to the public	Yes
Invest in additional Eligible Markets	As listed in Appendices 4 and 5
Income Equalisation	Yes
Launch Date (when the fund became authorised)	10 April 1996

APPENDIX 2 INVESTMENT AND BORROWING POWERS OF THE FUND

The *scheme property* 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* that are applicable to *UCITS schemes*.

These limits apply as summarised below:

1. PRUDENT SPREAD OF RISK

- 1.1 The *manager* must ensure that, taking account of the investment objectives and policy of the fund, the *scheme property* aims to provide a prudent spread of risk.
- 1.2 The *manager's* investment policy may mean that at times, where it is considered appropriate, the property of the fund will not be fully invested and that prudent levels of *liquidity* will be maintained.

2. VALUATION

- 2.1 The value of the *scheme property* for the purposes of chapter 5 of the *COLL sourcebook* means the net value of the *scheme property* determined in accordance with the *COLL sourcebook*, after deducting any outstanding borrowings, whether immediately due to be repaid or not.
- 2.2 When valuing the *scheme property*:
 - 2.2.1 the time as at which the valuation is being carried out (“the relevant time”) is treated as if it were a *valuation point*, but the valuation and the relevant time do not count as a valuation or a *valuation point* for the purposes of the *COLL sourcebook*;
 - 2.2.2 initial outlay is regarded as remaining part of the *scheme property*; and
 - 2.2.3 if the *manager*, having taken reasonable care, determines that the fund will become entitled to any unrealised profit which has been made on account of a transaction in *derivatives*, that prospective entitlement is regarded as part of the *scheme property*.

3. COVER

- 3.1 Where the *COLL sourcebook* allows a transaction to be entered into or an investment to be retained only if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in the *COLL sourcebook*, it must be assumed that the maximum possible liability of the fund under any other of those rules has also to be provided for.
- 3.2 Where a rule in the *COLL sourcebook* permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
 - 3.2.1 it must be assumed that in applying any of those rules, the fund must also simultaneously satisfy any other obligation relating to cover; and
 - 3.2.2 no element of cover must be used more than once.

4. TRANSFERABLE SECURITIES

- 4.1 A transferable security is an investment which is any of the following:
 - 4.1.1 a share;
 - 4.1.2 a debenture;
 - 4.1.3 an alternative debenture;
 - 4.1.4 a government and public security;
 - 4.1.5 a warrant; or
 - 4.1.6 a certificate representing certain securities.

- 4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 4.3 In applying paragraph 4.1 to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

5. UCITS SCHEMES - GENERAL

- 5.1 The *scheme property* must, subject to its investment objective and policy and except where otherwise provided in the *COLL sourcebook*, only consist of any or all of:
 - 5.1.1 transferable securities (except, currently, alternative debentures);
 - 5.1.2 permitted units in collective investment schemes;
 - 5.1.3 approved money market instruments;
 - 5.1.4 permitted *derivatives* and forward transactions; and
 - 5.1.5 permitted deposits.
- 5.2 Transferable securities and approved *money market instruments* held within a fund must (subject to paragraphs 5.3 and 5.4) be:
 - 5.2.1 admitted to or dealt on an eligible market as described below; or
 - 5.2.2 for an approved money *market instrument* not admitted to or dealt on an eligible market, within paragraph 11.1; or
 - 5.2.3 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
 - 5.2.4 Not more than 10% in value of the scheme property is to consist of transferable securities, which are not approved securities and approved *money market instruments* (other than those that are referred to in paragraph 5.2.2).
- 5.3 The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.
- 5.4 It is not intended that the fund will have an interest in any immovable property or tangible movable property.

6. INVESTMENT IN TRANSFERABLE SECURITIES

- 6.1 The fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 6.1.1 the potential loss which the fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 6.1.2 its *liquidity* does not compromise the ability of the *manager* to comply with its obligation to redeem units at the request of any qualifying *unitholder* under the *COLL sourcebook*;
 - 6.1.3 reliable valuation is available for it as follows:
 - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

- 6.1.4 appropriate information is available for it as follows:
- (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the *manager* on the transferable security or, where relevant, on the portfolio of the transferable security;
- 6.1.5 it is negotiable; and
- 6.1.6 its risks are adequately captured by the risk management process of the *manager*.
- 6.2 Unless there is information available to the *manager* that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 6.2.1 not to compromise the ability of the *manager* to comply with its obligation to redeem units at the request of any qualifying *unitholder*; and
 - 6.2.2 to be negotiable.
- 6.3 Up to 100% in value of the *scheme property* may consist of warrants (which may at times make the portfolio composition highly *volatile*).

7. CLOSED END FUNDS CONSTITUTING TRANSFERABLE SECURITIES

- 7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the fund, provided it fulfils the criteria for transferable securities set out in paragraph 6, and either:
- 7.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - (a) it is subject to corporate governance mechanisms applied to companies; and
 - (b) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
 - 7.1.2 where the closed end fund is constituted under the law of contract:
 - (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

8. TRANSFERABLE SECURITIES LINKED TO OTHER ASSETS

- 8.1 The fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the fund provided the investment:
- 8.2 fulfils the criteria for transferable securities set out in paragraph 6; and
 - 8.3 is backed by or linked to the performance of other assets, which may differ from those in which the fund can invest.
 - 8.4 Where an investment in paragraph 6 contains an embedded derivative component (see paragraph 19.5), the requirements of this paragraph with respect to derivatives and forwards will apply to that component.

9. APPROVED MONEY MARKET INSTRUMENTS

- 9.1 An approved *money-market instrument* is a *money-market instrument* which is normally dealt in on the money market, is *liquid* and has a value which can be accurately determined at any time.
- 9.2 A *money-market instrument* shall be regarded as normally dealt in on the money market if it:

- 9.2.1 has a maturity at issuance of up to and including 397 days;
- 9.2.2 has a residual maturity of up to and including 397 days;
- 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- 9.2.4 has a risk profile, including credit and *interest rate* risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in paragraph 9.2.3.
- 9.3 A *money-market instrument* shall be regarded as *liquid* if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the *manager* to redeem units at the request of any qualifying *unitholder*.
- 9.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
 - 9.4.1 enabling the *manager* to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - 9.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 9.5 A *money-market instrument* that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be *liquid* and have a value which can be accurately determined at any time unless there is information available to the *manager* that would lead to a different determination.

10. ELIGIBLE MARKETS REGIME: PURPOSE

- 10.1 To protect investors, the markets on which investments of the fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 10.3 A market is eligible for the purposes of the rules if it is:
 - 10.3.1 a regulated market; or
 - 10.3.2 a market in the United Kingdom or an *EEA* State which is regulated, operates regularly and is open to the public.
 - 10.3.3 A market not falling within paragraph 10.3 is eligible for the purposes of the *COLL sourcebook* if:
 - 10.3.4 the manager, after consultation with and notification to the trustee, decides that market is appropriate for investment of, or dealing in, the scheme property;
 - 10.3.5 the market is included in a list in the prospectus; and
 - 10.3.6 the trustee has taken reasonable care to determine that:
 - (a) adequate custody arrangements can be provided for the investment dealt in on that market; and
 - (b) all reasonable steps have been taken by the *manager* in deciding whether that market is eligible.
- 10.4 In paragraph 10.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately *liquid* and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

11. MONEY-MARKET INSTRUMENTS WITH A REGULATED ISSUER

- 11.1 In addition to instruments admitted to or dealt in on an eligible market, the fund may invest in an approved *money-market instrument* provided it fulfils the following requirements:
- 11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
- 11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12.
- 11.2 The issue or the issuer of a *money-market instrument*, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 11.2.1 the instrument is an approved money-market instrument;
- 11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13; and
- 11.2.3 the instrument is freely transferable.

12. ISSUERS AND GUARANTORS OF MONEY-MARKET INSTRUMENTS

- 12.1 The fund may invest in an approved *money-market instrument* if it is:
- 12.1.1 issued or guaranteed by any one of the following:
- (a) a central authority of the United Kingdom or an *EEA State* or, if the *EEA State* is a federal state, one of the members making up the federation;
 - (b) a regional or local authority of the United Kingdom or an *EEA State*;
 - (c) the Bank of England, the European Central Bank or a central bank of an *EEA State*;
 - (d) the European Union or the European Investment Bank;
 - (e) a non-*EEA State* or, in the case of a federal state, one of the members making up the federation;
 - (f) a public international body to which the United Kingdom or one or more *EEA States* belong; or
- 12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 12.1.3 issued or guaranteed by an establishment which is:
- (a) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
 - (b) subject to and complies with prudential rules considered by the *FCA* to be at least as stringent as those laid down by UK or EU law.
- 12.1.4 An establishment shall be considered to satisfy the requirement in paragraph 12.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- (a) it is located in the United Kingdom or the *EEA*;
 - (b) it is located in an OECD country belonging to the Group of Ten;
 - (c) it has at least *investment grade* rating;
 - (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by EU law.

13. APPROPRIATE INFORMATION FOR MONEY-MARKET INSTRUMENTS

- 13.1 In the case of an approved *money-market instrument* within paragraph 12.1.2 or which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) but is not guaranteed by a central authority within paragraph 12.1.1(a), the following information must be available:

- 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
 - 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 13.1.3 available and reliable statistics on the issue or the issuance programme.
 - 13.2 In the case of an approved *money-market instrument* issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available
 - 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
 - 13.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 13.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
 - 13.3 In the case of an approved *money-market instrument*:
 - 13.3.1 within paragraphs 12.1.1(a), 12.1.1(d) or 12.1.1(e); or
 - 13.3.2 which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) and is guaranteed by a central authority within paragraph 12.1.1(a);
- information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

14. SPREAD: GENERAL

- 14.1 This rule on spread does not apply in respect of 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.
- 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
- 14.3 Not more than 20% in value of the *scheme property* is to consist of deposits with a single body.
- 14.4 Not more than 5% in value of the *scheme property* is to consist of transferable securities or approved *money market instruments* issued by any single body.
- 14.5 The limit of 5% in paragraph 14.4 is raised to 10% in respect of up to 40% in value of the *scheme property*. Covered *bonds* need not be taken into account for the purposes of applying the 40% rule.
- 14.6 The limit of 5% in paragraph 14.4 is raised to 25% in value of the *scheme property* in respect of covered *bonds*, provided that when the fund invests more than 5% in covered *bonds* issued by a single body, the total value of covered *bonds* held must not exceed 80% in value of the *scheme property*.
- 14.7 In applying paragraphs 14.5 and 14.6 certificates representing certain securities are treated as equivalent to the underlying security.
- 14.8 The *exposure* to any one counterparty in an OTC *derivative* transaction must not exceed 5% in value of the *scheme property*. This limit is raised to 10% where the counterparty is an *approved bank*.
- 14.9 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 (as referred to in paragraph 14.2).
- 14.10 Not more than 20% in value of the *scheme property* is to consist of the units of any one collective investment scheme.
- 14.11 In applying the limits in paragraphs 14.3 to 14.8, and subject to paragraphs 14.5 and 14.6, not more than 20% in value of the *scheme property* is to consist of any combination of two or more of the following:

- 14.11.1 transferable securities or approved *money market instruments* issued by; or
- 14.11.2 deposits made with; or
- 14.11.3 *exposures* from OTC *derivatives* transactions made with; a single body.

15. COUNTERPARTY RISK AND ISSUER CONCENTRATION

- 15.1 The counterparty risk arising from an OTC *derivative* transaction is subject to the limits set out in paragraph 14.8 and paragraph 14.11.
- 15.2 When calculating the exposure to a counterparty in accordance with the limits in paragraph 14.8, the manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.3 The *manager* may net the OTC *derivative* positions with the same Counterparty, provided:
 - 15.3.1 it is able legally to enforce netting agreements with the counterparty on behalf of the fund; and
 - 15.3.2 the netting agreements in paragraph 15.3.1 do not apply to any other *exposures* the fund may have with that same counterparty.
- 15.4 The *manager* may reduce the *exposure* of the *scheme property* to a counterparty to an OTC *derivative* transaction through the receipt of collateral. Collateral received must be sufficiently *liquid* so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 15.5 The *manager* must take collateral into account in calculating *exposure* to counterparty risk in accordance with the limits in paragraph 14.8 when it passes collateral to the counterparty to an OTC *derivative* transaction on behalf of the fund.
- 15.6 Collateral passed in accordance with paragraph 15.4 may be taken into account on a net basis only if the *manager* is able legally to enforce netting arrangements with this counterparty on behalf of the fund.
- 15.7 The *manager* must calculate the issuer concentration limits referred to in paragraph 14.11 on the basis of the underlying *exposure* created through the use of OTC *derivatives* in accordance with the commitment approach.
- 15.8 In relation to *exposures* arising from OTC *derivative* transactions, as referred to in paragraph 14.11, the *manager* must include in the calculation any counterparty risk relating to the OTC *derivative* transactions.

16. SPREAD: GOVERNMENT AND PUBLIC SECURITIES

- 16.1 The following paragraph applies to 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 (“such securities”).
- 16.2 Where no more than 35% in value of the *scheme property* is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 16.3 A fund may invest more than 35% in value of the *scheme property* in such securities issued by any one body provided that:
 - 16.3.1 the *manager* has before any such investment is made consulted with the *trustee* and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
 - 16.3.2 no more than 30% in value of the *scheme property* consists of such securities of any one issue;
 - 16.3.3 the *scheme property* includes such securities issued by that or another issuer, of at least six different issues; and
 - 16.3.4 the disclosures required by the *FCA* have been made.
- 16.4 In relation to such securities:
 - 16.4.1 issue, issuer and issuer include guarantee, guaranteed and guarantor; and

- 16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 16.5 The rules in paragraph 16.3 are intended to apply to the fund and accordingly more than 35% of the *scheme property* of the fund is or may be invested in such securities.
- 16.6 The *trust deed* provides that up to 100% of the assets of the fund may be invested transferable securities or approved *money market instruments* issued by or on behalf of or guaranteed by the Government of the UK, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales, or the governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the *United States* (including Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), Student Loan Marketing Association (SLMA), Tennessee Valley Authority (TVA), Federal Home Loan Bank (FHLB), Federal Farm Credit Back (FCB), Financing Corporation (FCO), Private Export Funding Corporation (PEFCO), Resolution Funding Corporation (RFCO)) or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), 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 and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), and the Nordic Investment Bank (NIB).
- 16.7 Notwithstanding paragraph 14.1 and subject to paragraphs 15.2 and 15.3 in applying the 20% limit in paragraph 14.11 with respect to a single body, government and public securities issued by that body shall be taken into account.

17. INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES

- 17.1 The fund may invest in units in a collective investment scheme (“second scheme”) provided the second scheme satisfies all of the following conditions and provided that no more than 10% of the value of the *scheme property* of the fund is invested in second schemes within paragraph 17.1.1:
- 17.1.1 it is a scheme which:
- (a) is a *UK UCITS* or complies with the conditions necessary for it to enjoy the rights conferred by the *UCITS Directive* as implemented in the *EEA*; or
 - (b) is 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 5.2.12AR are met); or
 - (c) is authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.12AR(1),(3) are met); or
 - (d) is authorised in an *EEA State* (provided the requirements of COLL 5.2.13AR are met); or
 - (e) is authorised by competent authority of an OECD member country (other than an *EEA State*) which has:
 - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (ii) approved the fund’s management company, rules and depositary/custody arrangements (provided the requirements of COLL 5.2.13AR are met).
- 17.1.2 it is a scheme which complies where relevant with paragraph 17.2;
- 17.1.3 it is a scheme which has terms which prohibit more than 10% in value of the scheme property;
- 17.1.4 consisting of units in collective investment schemes; and
- 17.1.5 for the purposes of paragraphs 17.1.2 and 17.1.3 each 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.

- 17.2 The fund must not invest in or dispose of units in a second scheme, which is managed or operated by (or in the case of an OEIC, whose authorised corporate director is), the *manager* or an associate of the *manager*, where there is a charge in respect of such investment or disposal unless the *manager* pays the amounts referred to in paragraph 17.2.1 to the fund by the close of business on the fourth Business Day next after the agreement to buy or to sell;
- 17.2.1 on investment, either:
- (a) any amount by which the consideration paid by the fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
 - (b) if such price cannot be ascertained by the *manager*, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
- 17.3 on disposal, the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal; and
- 17.4 In this paragraph 17:
- 17.4.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made is to be treated as part of the price of the units and not as part of any charge; and
- 17.4.2 any charge made in respect of an exchange of units in one fund or separate part of the second scheme for units in another fund or separate part of that scheme is to be included as part of the consideration paid for the units.

18. INVESTMENT IN NIL AND PARTLY PAID SECURITIES

- 18.1 A transferable security or an approved *money market instrument* on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the fund, at the time when payment is required, without contravening the *COLL sourcebook*.

19. DERIVATIVES

- 19.1 **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.**
- 19.2 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. Where *derivatives* are used for *efficient portfolio management* then this will not compromise the risk profile of the fund. Use of *derivatives* will not knowingly contravene any relevant investment objective or limits.
- 19.3 A transaction in *derivatives* or a forward transaction must not be effected for the fund unless the transaction is of a kind specified in paragraph 20; and the transaction is covered, as required by paragraph 33.
- 19.4 Where the fund invests in *derivatives*, the *exposure* to the underlying assets must not exceed the limits set out in paragraphs 14 and 16 except for index based *derivatives* where the rules below apply.
- 19.5 Where a transferable security or an approved *money market instrument* embeds a *derivative*, this must be taken into account for the purposes of complying with this paragraph.
- 19.6 A transferable security or an approved *money-market instrument* will embed a *derivative* if it contains a component which fulfils the following criteria:
- 19.6.1 by virtue of that component some or all of the *cash flows* that otherwise would be required by the transferable security or approved *money-market instrument* which functions as host contract can be modified according to a specified *interest rate*, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone *derivative*;

- 19.6.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 19.6.3 it has a significant impact on the risk profile and pricing of the transferable security or approved *money-market instrument*.
- 19.7 A transferable security or an approved *money-market instrument* does not embed a *derivative* where it contains a component which is contractually transferable independently of the transferable security or the approved *money-market instrument*. That component shall be deemed to be a separate instrument.
- 19.8 Where a scheme invests in an index based *derivative*, provided the relevant index falls within paragraph 21 the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 14 and 16. The relaxation is subject to the *manager* continuing to ensure that the *scheme property* provides a prudent spread of risk.

20. PERMITTED TRANSACTIONS (DERIVATIVES AND FORWARDS)

- 20.1 A transaction in a *derivative* must be in an *approved derivative*; or be one which complies with paragraph 24.
- 20.2 A transaction in a *derivative* must have the underlying consisting of any or all of the following to which the scheme is dedicated:
 - 20.2.1 transferable securities permitted under paragraphs 5.2.1 and 5.2.3;
 - 20.2.2 approved *money market instruments* permitted under paragraphs 5.2.1 to 5.2.3;
 - 20.2.3 permitted deposits;
 - 20.2.4 permitted *derivatives* under this paragraph;
 - 20.2.5 collective investment scheme units permitted under paragraph 17;
 - 20.2.6 financial indices which satisfy the criteria set out in paragraph 21;
 - 20.2.7 *interest rates*;
 - 20.2.8 foreign exchange rates and currencies.
- 20.2.9 A transaction in an *approved derivative* must be effected on or under the rules of an eligible *derivatives* market.
- 20.3 A transaction in a *derivative* must not cause the fund to diverge from its investment objectives as stated in the *trust deed* constituting the scheme and the most recently published version of this Prospectus.
- 20.4 A transaction in a *derivative* 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*.
- 20.5 Any forward transaction must be with an *eligible institution* or an *approved bank*.
- 20.6 A *derivative* includes an instrument which fulfils the following criteria:
 - 20.6.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 20.6.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 5.1 including *cash*;
 - 20.6.3 in the case of an OTC *derivative*, it complies with the requirements in paragraph 24;
 - 20.6.4 its risks are adequately captured by the risk management process of the *manager*, and by its internal control mechanisms in the case of risks of asymmetry of information between the *manager* and the counterparty to the *derivative*, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that *derivative*.
- 20.7 The fund may not undertake transactions in *derivatives* on commodities.

21. FINANCIAL INDICES UNDERLYING DERIVATIVES

- 21.1 The financial indices referred to in paragraph 20.2.6 are those which satisfy the following criteria:
- (a) the index is sufficiently diversified;
 - (b) the index represents an adequate benchmark for the market to which it refers; and
 - (c) the index is published in an appropriate manner.
- 21.2 A financial index is sufficiently diversified if:
- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - (b) where it is composed of assets in which the fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this paragraph; and
 - (c) where it is composed of assets in which the fund cannot invest, it is diversified in a way which is equivalent to the *diversification* achieved by the requirements with respect to spread and concentration set out in this paragraph.
- 21.3 A financial index represents an adequate benchmark for the market to which it refers if:
- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - (c) the underlyings are sufficiently *liquid*, allowing users to replicate it if necessary.
- 21.4 A financial index is published in an appropriate manner if:
- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 21.5 Where the composition of underlyings of a transaction in a *derivative* does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 21.1.2 be regarded as a combination of those underlyings.

22. TRANSACTIONS FOR THE PURCHASE OF PROPERTY

- 22.1 A *derivative* or forward transaction which will or could lead to the delivery of property for the account of the fund may be entered into only if that property can be held for the account of the fund, and the *manager* having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the *COLL sourcebook*.

23. REQUIREMENT TO COVER SALES

- 23.1 No agreement by or on behalf of the fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the fund at the time of the agreement. This requirement does not apply to a deposit.

24. OTC TRANSACTIONS IN DERIVATIVES

- 24.1 Any transaction in an OTC *derivative* under paragraph 19 must be:
- 24.1.1 in a future or an option or a contract for differences;
 - 24.1.2 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 *FCA Register*, permits it to enter into the transaction as principal off- exchange;
 - 24.1.3 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;
 - 24.1.4 the *manager* can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at a fair value;
 - 24.1.5 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
 - 24.1.6 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.
- 24.2 For the purposes of 24.1.3 “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.
- 24.3 In respect of its obligations under Chapter 5 of the 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 24.1.

25. VALUATION OF OTC DERIVATIVES

- 25.1 For the purposes of the valuation of OTC *derivatives* the *manager* must:
- 25.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the *exposures* of the fund to OTC *derivatives*; and
 - 25.1.2 ensure that the fair value of OTC *derivatives* is subject to adequate, accurate and independent assessment.
- 25.2 Where the arrangements and procedures referred to in paragraph 25.1 involve the performance of certain activities by third parties, the *manager* must comply with the requirements in the *COLL sourcebook* SYSC 8.1.13 R (Additional requirements for a management company) and the *COLL Rules* 6.6A.4 R (5) and (6) (Due diligence requirements of AFMs of *UCITS schemes* and *EEA UCITS schemes*)
- 25.3 The arrangements and procedures referred to in this paragraph must be:
- 25.3.1 adequate and proportionate to the nature and complexity of the OTC *derivative* concerned; and
 - 25.3.2 adequately documented.

26. RISK MANAGEMENT

- 26.1 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.

- 26.2 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:
- 26.2.1 a true and fair view of the types of *derivatives* and forward transactions to be used within a fund together with their underlying risks and any relevant quantitative limits; and
- 26.2.2 the methods for estimating risks in derivative and forward transactions.
- 26.3 The *manager* must notify the *FCA* in advance of any material alteration to the details above.

27. INVESTMENT IN DEPOSITS

- 27.1 The fund may invest in deposits only with an *approved bank* and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

28. SIGNIFICANT INFLUENCE

- 28.1 The *manager* must not acquire or cause to have acquired 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:
- 28.1.1 immediately before the acquisition, the aggregate of any such securities held for the fund gives the *manager* power significantly to influence the conduct of business of that body corporate; or
- 28.1.2 the acquisition gives the manager that power.
- 28.2 For the purpose of paragraph 28.1.1, 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 the authorised unit trust schemes 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).

29. CONCENTRATION

The fund:

- 29.1 must not acquire transferable securities (other than debt securities) which:
- 29.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 29.1.2 represent more than 10% of those securities issued by that body corporate;
- 29.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 29.3 must not acquire more than 25% of the units in a collective investment scheme;
- 29.4 must not acquire more than 10% of the approved *money market instruments* issued by any single body; and
- 29.5 need not comply with the limits in paragraphs 29.2 to 29.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

30. SCHEMES REPLICATING AN INDEX

- 30.1 Notwithstanding paragraph 14, the fund may invest up to 20% in value of the *scheme property* in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 31.
- 30.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of *efficient portfolio management*.
- 30.3 The limit in paragraph 30.1 can be raised up to 35% in value of the *scheme property*, but only in respect of one body and where justified by exceptional market conditions.
- 30.4 The investment policy of the fund does not currently provide for the replication of the performance or composition of an index.

31. RELEVANT INDICES

- 31.1 The indices referred to in paragraph 28 are those which satisfy the following criteria:
 - 31.1.1 The composition is sufficiently diversified;
 - 31.1.2 The index represents an adequate benchmark for the market to which it refers; and
 - 31.1.3 The index is published in an appropriate manner.
- 31.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.
- 31.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 31.4 An index is published in an appropriate manner if:
 - 31.4.1 it is accessible to the public;
 - 31.4.2 the index provider is independent from the index-replicating fund; this does not preclude index providers and the fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

32. DERIVATIVES EXPOSURE

- 32.1 The fund may invest in *derivatives* and forward transactions as long as the *exposure* to which the fund is committed by that transaction itself is suitably covered from within its *scheme property*. *Exposure* will include any initial outlay in respect of that transaction.
- 32.2 Cover ensures that the fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the *scheme property*. Therefore, the fund must hold *scheme property* sufficient in value or amount to match the *exposure* arising from a *derivative* obligation to which the fund is committed. Paragraph 33 sets out detailed requirements for cover of the fund.
- 32.3 Cover used in respect of one transaction in *derivatives* or a forward transaction must not be used for cover in respect of another transaction in *derivatives* or a forward transaction.

33. COVER FOR TRANSACTIONS IN DERIVATIVES AND FORWARD TRANSACTIONS

- 33.1 The global *exposure* relating to *derivatives* and forward transactions held in the fund does not exceed the net value of the *scheme property*.

34. DAILY CALCULATION OF GLOBAL EXPOSURE

- 34.1 Global *exposure* is calculated daily
- 34.2 *Exposure* must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

35. CALCULATION OF GLOBAL EXPOSURE

- 35.1 The *manager* must calculate the global *exposure* of the fund it manages either as:
 - 35.1.1 the incremental *exposure* and *leverage* generated through the use of *derivatives* and forward transactions (including embedded *derivatives* as referred to in paragraph 19.5 (*derivatives: general*)), which may not exceed 100% of the net value of the *scheme property*; or
 - 35.1.2 the market risk of the *scheme property*.
- 35.1.3 Global exposure of the fund must be calculated by using:
 - 35.1.4 the commitment approach; or
 - 35.1.5 the value at risk approach.
- 35.2 The *manager* must ensure that the method selected in paragraph 35.2 is appropriate, taking into account:
 - 35.2.1 the investment strategy pursued by the fund;

- 35.2.2 the types and complexities of the *derivatives* and forward transactions used; and
- 35.2.3 the proportion of the *scheme property* comprising *derivatives* and forward transactions.
- 35.3 Where the fund employs techniques and instruments including *repo* contracts or stock lending transactions in accordance with paragraph 5.4 (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.
- 35.4 For the purposes of paragraph 35.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

36. COMMITMENT APPROACH

- 36.1 Where the *manager* uses the commitment approach for the calculation of global *exposure*, it must:
 - 36.1.1 ensure that it applies this approach to all *derivative* and forward transactions (including embedded *derivatives* as referred to in paragraph 19 (*derivatives: general*)), whether used as part of the fund's general investment policy, for the purposes of risk reduction or for the purposes of *efficient portfolio management* in accordance with this paragraph; and
 - 36.1.2 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).
 - 36.1.3 the *manager* may use other calculation methods which are equivalent to the standard commitment approach.
 - 36.1.4 the *manager* may take account of netting and hedging arrangements when calculating global *exposure* of the fund where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk *exposure*.
 - 36.1.5 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.
 - 36.1.6 where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the fund in accordance with paragraph 39.1 (General power to borrow) need not form part of the global *exposure* calculation.

37. BORROWING

- 37.1 *Cash* obtained from borrowing, and borrowing which the *manager* reasonably regards an *eligible institution* or an *approved bank* to be committed to provide is available for cover under the previous paragraph 33 as long as the normal limits on borrowing (see below) are observed.
- 37.2 Where, for the purposes of this paragraph the fund borrows an amount of currency from an *eligible institution* or an *approved bank*; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the *scheme property*, and the normal limits on borrowing under paragraph 34 do not apply to that borrowing.

38. CASH AND NEAR CASH

Cash and near *cash* must not be retained in the *scheme property* except to the extent that, where this may reasonably be regarded as necessary in order to enable:

- 38.1.1 the pursuit of the fund's investment objectives; or
- 38.1.2 redemption of *units*; or
- 38.1.3 efficient management of the fund in accordance with its investment objectives; or
- 38.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the fund.

39. **GENERAL POWER TO BORROW**

- 39.1 The *trustee* may, on the instructions of the *manager*, and in accordance with this paragraph and paragraph 40, borrow money for the use of the fund on terms that the borrowing is to be repayable out of the *scheme property*. This power to borrow is subject to the obligation of the fund to comply with any restriction in the *trust deed*.
- 39.2 The *trustee* may borrow under paragraph 39.1 only from an *eligible institution* or an *approved bank*.
- 39.3 The *manager* must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the *manager* must have regard in particular to:
- 39.3.1 the duration of any period of borrowing; and
- 39.3.2 the number of occasions on which resort is had to borrowing in any period.
- 39.4 The *manager* must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the *trustee*. The *trustee* may only give its consent as required under this paragraph on such conditions as appear to the *trustee* appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 39.5 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes.
- 39.6 The *trustee* must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 39.

40. **BORROWING LIMITS**

- 40.1 The *manager* must ensure that the fund’s borrowing does not, on any Business Day, exceed 10% of the value of the *scheme property*.
- 40.2 This paragraph does not apply to “back to back” borrowing for currency hedging purposes.
- 40.3 In this paragraph 35, “borrowing” includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of *derivatives*) designed to achieve a temporary injection of money into the scheme property in the expectation that the sum will be repaid.

41. **RESTRICTIONS ON LENDING OF MONEY**

- 41.1 None of the money in the *scheme property* may be lent and, for the purposes of this prohibition, money is lent by the fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 41.2 Acquiring a debenture is not lending for the purposes of paragraph 41.1; nor is the placing of money on deposit or in a current account.
- 41.3 Paragraph 41.1 does not prevent the fund from providing an officer of the fund with funds to meet expenditure to be incurred by him for the purposes of the fund (or for the purposes of enabling him properly to perform his duties as an officer of the fund) or from doing anything to enable an officer to avoid incurring such expenditure.

42. **RESTRICTIONS ON LENDING OF PROPERTY OTHER THAN MONEY**

- 42.1 The *scheme property* other than money must not be lent by way of deposit or otherwise.
- 42.2 Transactions permitted by paragraph 43 are not lending for the purposes of paragraph 37.1.
- 42.3 The *scheme property* must not be mortgaged.
- 42.4 This paragraph does not prevent the *trustee* at the request of the *manager*, from lending, depositing, pledging or charging *scheme property* for margin requirements where transactions in *derivatives* or forwards transactions are used for the account of the fund in accordance with Chapter 5 of the *COLL sourcebook*.

43. **GENERAL POWER TO ACCEPT OR UNDERWRITE PLACINGS**

- 43.1 Any power in Chapter 5 of the *COLL sourcebook* to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the *trust deed*.
- 43.2 This paragraph applies, subject to paragraph 38.3, to any agreement or understanding:
- 43.2.1 which is an underwriting or sub-underwriting agreement; or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the fund.
- 43.3 Paragraph 43.2 does not apply to:
- 43.3.1 an option; or
- 43.3.2 a purchase of a transferable security which confers a right:
- (c) to subscribe for or acquire a transferable security; or
- (d) to convert one transferable security into another.
- 43.3.3 the *exposure* of the fund to agreements and understandings within paragraph 43.2 must, on any Business Day:
- (a) be covered in accordance with the requirements of paragraph 33; and
- (b) be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the *COLL sourcebook*.

44. **UNDERWRITING**

- 44.1 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.

45. **GUARANTEES AND INDEMNITIES**

- 45.1 The *trustee* for the account of the fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 45.2 None of the scheme property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 45.3 Paragraphs 45.1 and 45.2 do not apply in respect of the fund to:
- 45.3.1 any indemnity or guarantee given for margin requirements where the *derivatives* or forward transactions are being used in accordance with the *COLL sourcebook*; and
- 45.3.2 an indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets are becoming part of the *scheme property* by way of a unitisation.

46. **EFFICIENT PORTFOLIO MANAGEMENT**

- 46.1 The *manager* may use the *scheme property* for the purposes of “Hedging” using *EPM* style techniques.
- 46.2 To achieve *EPM* the *manager* will use *derivative* transactions or forward currency transactions as appropriate. However such transactions must be:
- 46.2.1 economically appropriate;
- 46.2.2 fully covered by assets within the fund; or
- 46.2.3 used to achieve one or more of the following:
- (a) a reduction in risk,
- (b) a reduction in cost,
- (c) the generation of additional capital or income with no, or an acceptable low level of risk compliant with the risks of the fund and the risk diversification rules set out in the *COLL*

sourcebook.

- 46.2.4 therefore, no transaction may be undertaken under these provisions if it could reasonably be regarded as speculative.
- 46.3 Transactions deemed to offer an acceptable low level of risk under paragraph 46.2.3(c) above are those where the:
 - 46.3.1 transactions take advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property; or
 - 46.3.2 transactions where the fund receives a premium for the writing of a covered call or put option, even if the benefit arising is obtained at the expense of the chance of greater possible future benefit.

47. **GENERAL**

- 47.1 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the fund but, in the event of a consequent breach, the *manager* must then take such steps as necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of *unitholders*.

48. **STOCK LENDING**

- 48.1 The following paragraphs apply to the trustee, except paragraphs 48.2 and 48.4 which apply to the manager.

Permitted stock lending
- 48.2 Chapter 5 of the COLL sourcebook permits the generation of additional income for the benefit of the fund, and hence for its investors, by entry into stock lending transactions for the account of the fund.
- 48.3 The specific method of stock lending permitted in this paragraph is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the 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.
- 48.4 The stock lending permitted by this paragraph may be exercised by the fund 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.
- 48.5 The trustee acting in accordance with the instructions of the manager may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:
 - 48.5.1 all the terms of the agreement under which securities are to be reacquired by the trustee, are in a form which is acceptable to the trustee and are in accordance with good market practice;
 - 48.5.2 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

48.5.3 high quality and *liquid* collateral is obtained to secure the obligation of the counterparty under the terms referred to in this paragraph 48.4.3 and the collateral is:

- (a) acceptable to the trustee;
- (b) adequate; and
- (c) sufficiently immediate.

48.6 The counterparty for the purpose of paragraph 48.1 is the person who is obliged under the agreement referred to in paragraph 48.4.1 to transfer to the trustee the securities transferred by the trustee under the stock lending arrangement or securities of the same kind.

does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

48.7 The fund does not currently undertake stock lending. If this were to change in the future this Prospectus will be reviewed and updated.

48.8 Where a stock lending arrangement is entered into, the scheme property remains unchanged in terms of value: the securities transferred cease to be part of the scheme property, but there is obtained in return an obligation on the part of the counterparty to transfer back equivalent securities. The trustee will also receive collateral to set against the risk of default in transfer, and that collateral is equally irrelevant to the valuation of the scheme property (because it is transferred against an obligation of equivalent value by way of re-transfer).

Paragraph 48.6 accordingly makes provision for the treatment of the collateral in that context.

Treatment of collateral

48.9 Collateral is adequate for the purposes of this paragraph 48 only if it:

- (a) is transferred to the trustee or its agent;
- (b) is at least equal in value, at the time of the transfer to the trustee, to the value of the securities transferred by the trustee; and
- (c) is in the form of one or more of:
 - (i) cash; or
 - (ii) a certificate of deposit; or
 - (iii) a letter of credit; or
 - (iv) a readily realisable security; or
 - (v) commercial paper with no embedded derivative element; or
 - (vi) a qualifying money market fund.

Where the collateral is invested in units in a qualifying money market fund managed or operated by the authorised fund manager of the investing scheme or an associate of that authorised fund manager, the conditions in COLL 5.2.16 R (Investment in other group schemes) must be complied with whether or not the investing scheme is a *UK UCITS*, an *EEA UCITS* or a non-UCITS retail scheme.

48.10 Collateral is sufficiently immediate if:

48.10.1 it is transferred before or at the time of the transfer of the securities by the trustee; or

48.10.2 the trustee takes reasonable care to determine at that time that it will be transferred at the latest by the close of business on the day of the transfer.

48.10.3 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.

- 48.11 The duty in paragraph 48.6.3 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 48.12 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 COLL 6.3 of 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.
- 48.13 Collateral transferred to the trustee is part of the scheme property for the purposes of the rules of the COLL sourcebook, except in the following respects:
- 48.13.1 it does not fall to be included in any valuation for the purposes of the *COLL sourcebook*, because it is offset under paragraph 48.6.5 by an obligation to transfer; and
- 48.13.2 it does not count as scheme property for any purpose of Chapter 5 of the *COLL sourcebook*, other than for the purposes of stock lending.
- 48.14 Paragraphs 48.6.5 and 48.6.6(a) do not apply to any valuation of collateral itself for the purposes of this paragraph.
- 48.15 There is no limit on the value of the scheme property which may be the subject of stock lending transactions within this paragraph.

**APPENDIX 3
HISTORICAL PERFORMANCE
DATA**

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

Fund Name	Performance Category Name	Label	2021	2020	2019	2018	2017
			(%)	(%)	(%)	(%)	(%)
abrdn Phoenix Fund	Fund	Fund	6.8	6.4	14.0	- 2.5	7.6
	Performance Target	ARC Private Client Indices (PCI) Balanced Asset Index from 01/10/2021. GBP 1M LIBOR (365 Day Count) +2.00% from 11/04/2003 to 30/09/2021	3.8	2.3	2.7	2.6	2.3

Source: Factset and abrdn.

Basis: NAV to NAV, The above figures are based on Class B Accumulation units

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 4 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 rules*.

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
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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 United States 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 5 LIST OF 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 rules*.

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 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	Nordea Bank Abp.
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

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Square London
E14 5GL

**Address for
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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 ,
SS&C House St Nicholas Lane, Basildon, Essex, SS15 5FS.

