



16 June 2023
Investor Name:
Investor Reference:
Designation:

IMPORTANT INFORMATION - FUND CHANGES

Dear Investor,

abrdn OEIC I – abrdn Diversified Income Fund

Please read this letter carefully as it contains important information regarding upcoming changes to the above fund. No action is required in response to this letter, but we would encourage you to familiarise yourself with the changes.

In this letter, when we say ‘we’ or ‘us’, we mean abrdn Fund Managers Limited, the company that is currently responsible for managing and operating your investment.

We regularly review our range of funds to ensure that they remain able to meet the needs of our investors and are appropriate in the current marketplace. As a result of this review, on 17 August 2023, we will be making the following updates to the abrdn Diversified Income Fund (the “Fund”), which you are invested in:

- change the name and update the investment objective of the Fund;
- update the investment policy of the Fund in relation to the Fund’s management process and use of derivatives;
- change the approach to deduction of charges in respect of accumulation share classes; and
- change in annual management charge (“AMC”) and general administration charge (“GAC”) for the Fund.

Updates to the Fund

1. Investment Objective and Fund Name

The investment objective of the Fund will be updated from “To generate a positive return through income and some capital growth” to “To generate a positive return through capital growth and income”. Consequently, the name of the Fund will also be changed from “abrdn Diversified Income Fund” to “abrdn Diversified Growth and Income Fund” to align with and reflect the update to the investment objective. We believe this change is appropriate as it is more reflective of the Fund’s intended objective, since the Fund aims to generate both growth and income. The Fund’s strategy doesn’t allocate a specific proportion of assets to income generation or capital growth. Therefore, the current name and the objective aren’t entirely reflective of the envisaged investment process. The removal of implied focus on income generation will afford the management team greater flexibility in stock selection, enabling them to adapt to wider market

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changes with the aim to provide a more consistent overall return for investors. The impact of the proposed change on the overall portfolio of the Fund will be limited, but some of the portfolio will need to be rebalanced to align the Fund's investments to the updated objective. The rebalancing is needed because the updates to the objective afford more flexibility to the Fund in terms of asset selection, which now no longer needs to have an income generation bias. Therefore, the Fund's focus can now be on total return, seeking to achieve both growth and income or either.

II. Investment Policy changes

Management Process

The proposed change to the investment objective doesn't, as such, impact the Fund's management process and the management team will continue to use their discretion, i.e. active management, to identify the underlying diverse mix of assets for the Fund. However, the existing description of the management process applied by the Fund was not entirely reflective of the stock selection and management process and therefore we feel it is appropriate for the sake of transparency to clarify the management style applied for stock selection better. Accordingly, it is now being clarified that the stock selection process involves selection of stocks based on prospects of growth and income and creditworthiness of the stock relative to market expectations, given the anticipated future economic and business conditions. We believe this will benefit investors because the fund will still generate a level of income within the existing range but with additional flexibility to generate an enhanced level of growth where this is deemed appropriate based on prevailing market conditions. Therefore, the investors will receive a more balanced overall return. Furthermore, it will also be clarified that the term 'equities' in the Management Process section of the investment policy is intended to refer to 'global equities' which isn't specified in the existing Management Process section. We believe the proposed explanation is more reflective of the management style applied to a broader underlying asset base of the Fund.

Derivatives and Techniques

The updates to the investment objective of the Fund do not impact its derivatives usage. However, the existing explanation around derivatives usage needs to be further clarified to improve your understanding and expectations. Therefore, the Derivatives and Techniques section will be updated to enhance transparency on derivatives that are used within the investment process as well as the various scenarios for their usage.

III. Change in approach for deduction of charges

To align with the updated investment objective of generating capital growth as well as income, for the accumulation share classes of the Fund the charges will now be deducted from income rather than the Fund's capital. This is because, where such charges are taken from the capital of the Fund, as is currently the case, it may result in capital erosion or constrain capital growth which would not be aligned with the updated investment objective of the Fund. For the income share classes the charges will continue to be deducted from capital as the objective of an income share class is to distribute the income generated unlike the accumulation share class. As the Fund offers both income and accumulation shares and aims

at generating both growth and income, the income of the Fund is allocated in accordance with the proportionate interest in the Fund attributable to each income and accumulation share. The ACD believes these changes will allow the investors to better achieve their objective of income generation and/or capital growth.

IV. Reduction in AMC for certain share classes and removal of subsidy from the GAC

Following a review of abrdn's fund costs, we have decided to reduce the AMC of retail, institutional and platform share classes of the Fund by 10bps, and, in addition, will also be reducing the overall ongoing charges figure ("OCF").

The subsidy currently applied against the GAC for all share classes of the Fund will be removed. The subsidy currently is granted on account of the ACD paying some of the GAC, however going forward this will be removed because it will no longer be required as a consequence of the reductions in the AMC and OCF. The removal of the subsidy would not increase the OCF, which will be as stated in column 7 of Appendix I to this letter.

A comparison of the current and revised investment objective and policy is set out in Appendix 2 to this letter and can also be found at www.abrdn.com/en/uk/investor/fund-centre/investor-communications.

Risk Profile

The Fund will remain within the existing risk profile parameters and the Synthetic Risk and Reward Indicator ("SRRI") as set out in the Key Investor Information Documents ("KIIDs") will remain the same.

Expenses

Some holdings in the Fund will be bought and sold to better align to the updated investment objective in the week prior to 17 August 2023, and the cost of this rebalancing exercise will be borne by the Fund. We estimate this cost to be approximately 0.10% of the value of the Fund (i.e., a cost of £10 for every £10,000 held). In practice, these costs will be dependent on market conditions at the point of trading and may be higher or lower.

We have agreed to meet the other expenses arising from these changes, including all administrative expenses and other professional adviser expenses.

Other information

No action is required from you, this notification is for information only. Our fund documentation, including the Prospectus and KIIDs, will be updated to reflect these changes on 17 August 2023.

Contact us

If you have any questions, please call us on 0345 113 6966 or +44 (0) 1268 44 5488 if you are outside of the UK. We are here between 9:00 am and 5:30 pm, Monday to Friday. Calls may be monitored and/or recorded to protect both you and us and help with our training.

Please note that while we will be able to answer general questions on this letter and the Fund changes, we cannot provide financial advice.

If you do not understand this letter, you should seek advice from a person authorised to give investment advice.

Thank you for your continued support of abrdr.

Yours faithfully,

On behalf of abrdr Fund Managers Limited

APPENDIX 1:

abrdn Diversified Income Fund						
ISIN	Share Class	Share Class Type	AMC %	OCF %	New AMC	New OCF
<i>GB00B1BW3K23</i>	<i>A Acc</i>	<i>Retail</i>	<i>1.050%</i>	<i>1.630%</i>	<i>0.95%</i>	<i>1.40%</i>
<i>GB00B1BW3J18</i>	<i>A Inc</i>	<i>Retail</i>	<i>1.050%</i>	<i>1.630%</i>	<i>0.95%</i>	<i>1.40%</i>
<i>GB00B1C42779</i>	<i>I Acc</i>	<i>Institutional</i>	<i>0.600%</i>	<i>1.180%</i>	<i>0.50%</i>	<i>0.95%</i>
<i>GB00B1C42886</i>	<i>I Inc</i>	<i>Institutional</i>	<i>0.600%</i>	<i>1.180%</i>	<i>0.50%</i>	<i>0.95%</i>
<i>GB00BGRLYV62</i>	<i>M Acc</i>	<i>Platform</i>	<i>0.600%</i>	<i>1.230%</i>	<i>0.50%</i>	<i>1.00%</i>
<i>GB00BGRLZS09</i>	<i>M Inc</i>	<i>Platform</i>	<i>0.600%</i>	<i>1.230%</i>	<i>0.50%</i>	<i>1.00%</i>
<i>GB00B1C42993</i>	<i>Z Acc</i>	<i>Other</i>	<i>0.000%</i>	<i>0.580%</i>	<i>0.00%</i>	<i>0.45%</i>

APPENDIX 2

abrDN Diversified Income Fund: Fund Name, Investment Objective and Policy Change

With effect from 17 August 2023 the investment objective and policy of the Fund will be amended as follows:

CURRENT	NEW
abrDN Diversified Income Fund	abrDN Diversified Growth and Income Fund
<p>Objective</p> <p>To generate a positive return through income and some capital growth over the long term (5 years or more) by investing in a globally diversified portfolio of assets whilst reducing the risk of losses. Invested capital is however at risk and there is no guarantee that this will be attained over any time period.</p> <p>Performance Target: To exceed the return of SONIA by 5% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. SONIA has been chosen as a proxy for the return on cash deposits.</p> <p>Investment Policy</p> <p>Portfolio Securities</p> <ul style="list-style-type: none"> - The fund invests globally in a range of asset classes, derivatives, money-market instruments and cash. - The fund may also invest in other funds (including those managed by abrDN) to gain exposure to a broad mix of assets from across the global investment universe. - Asset classes that the fund invests in may include listed equities, private equity, property, infrastructure, high yield bonds, loans, emerging market debt, asset-backed securities, alternative risk premia, insurance linked securities, litigation finance, peer-to-peer lending, aircraft leasing and healthcare royalties. - Asset classes such as infrastructure, property or private equity will typically be accessed through investment routes such as listed equities. <p>Management Process</p> <ul style="list-style-type: none"> - The management team use their discretion (active management) to identify a diverse mix of investments which they believe are most 	<p>Objective</p> <p>To generate a positive return through capital growth and income over the long term (5 years or more) by investing in a globally diversified portfolio of assets whilst reducing the risk of losses. Invested capital is however at risk and there is no guarantee that this will be attained over any time period.</p> <p>Performance Target: To exceed the return of SONIA by 5% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. SONIA has been chosen as a proxy for the return on cash deposits.</p> <p>Investment Policy</p> <p>Portfolio Securities</p> <ul style="list-style-type: none"> - The fund invests globally in a range of asset classes, derivatives, money-market instruments and cash. - The fund may also invest in other funds (including those managed by abrDN) to gain exposure to a broad mix of assets from across the global investment universe. - Asset classes that the fund invests in may include listed equities, private equity, property, infrastructure, high yield bonds, loans, emerging market debt, asset-backed securities, alternative risk premia, insurance linked securities, litigation finance, peer-to-peer lending, aircraft leasing and healthcare royalties. - Asset classes such as infrastructure, property or private equity will typically be accessed through investment route such as listed equities. <p>Management Process</p> <ul style="list-style-type: none"> - The management team use their discretion (active management) to identify a diverse mix of investments which they believe are most

appropriate for the investment objective. As a result of this diversification, and during extreme equity market falls, we expect losses to be below those of conventional global equity markets, with a volatility typically less than two thirds of equities.

- Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that show a range of high quality characteristics, operate in growing markets and display positive business momentum.
- The team separately conduct extensive research to identify the most appropriate type of investment for each asset class.

Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as 'Efficient Portfolio Management').
- Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares or management of currency risk.
- Some underlying funds invested in by the fund may use derivatives more extensively. Derivatives may be used within underlying funds to generate growth if market prices are expected to rise ('long positions') or fall ('short positions').

appropriate for the investment objective. As a result of this diversification, and during extreme equity market falls, we expect losses to be below those of conventional global equity markets, with a volatility typically less than two thirds of **global** equities.

- **The management team select individual holdings depending on their prospects for growth and income and/or creditworthiness relative to market expectations, given the anticipated future economic and business conditions.**
- The team separately conduct extensive research to identify the most appropriate type of investment for each asset class.

Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as 'Efficient Portfolio Management').
- **Derivatives include instruments used to express short term views reflecting expected changes in interest rates, company share prices, inflation, 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.**