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**Regulatory update  
For investors in Aberdeen Investment Funds ICVC and Aberdeen Funds**

**For information and no action required**

27 March 2015

Dear Investor

**Client money regulatory update**

As an investor in one or more of the funds listed overleaf, we are writing to you to explain how we handle client money (your money) and to share recent regulatory changes with you.

Aberdeen complies with the Financial Conduct Authority (FCA)'s Client Assets (CASS) rules, in place to ensure that customers' money and assets are protected. An enhancement of these rules is due to come into force shortly and we are taking the opportunity to update our terms and conditions to reflect this. These changes will be effective from 22 May 2015. The revised wording and further information can be found in the Appendix. This explains how, following the change to the rules, we will handle any money we receive from you and how we will hold your money separately from our own money. It also clarifies the implications for any money held for you if we were to transfer part of our business to another firm. Please ensure that you read this information carefully.

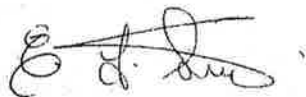
In line with the CASS regulatory changes, from 2016 you will receive an annual statement of the client money we are holding for you. We will advise you once the annual dispatch date for this statement (which will be in addition to your usual half-yearly investor statements) has been decided. However, from 1 June 2015, you can request an ad-hoc client money statement, free of charge, by contacting us in writing or calling our Customer Services team.

Terms and Conditions reflecting the above will be available online from Thursday 2 April 2015 or by contacting Aberdeen.

Aberdeen Fund Managers Limited  
PO Box 9029 Chelmsford CM99 2WJ  
Customer Services 0845 300 2890 Broker Desk 0800 592 487 [aberdeen-asset.com](http://aberdeen-asset.com)

If you have queries please contact our Customer Services team on **0845 300 2890** or email [customer.services@aberdeen-asset.com](mailto:customer.services@aberdeen-asset.com). We are available from 9.00 am to 5.00 pm Monday to Friday.

Yours sincerely



Elaine Sweeney  
Operations Manager, UK Investor Services  
**Aberdeen Fund Managers Limited**

[www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk)

We may record telephone calls for training purposes and to improve our service to you.

List of funds

<b>Aberdeen Investment Funds ICVC</b>	
Asia Pacific Equity Fund	Multi-Asset Fund
Asia Pacific and Japan Equity Fund	North American Equity Fund
Cash Fund	Property Share Fund
Eastern European Equity Fund	Responsible UK Equity Fund
Emerging Markets Bond Fund	Sterling Corporate Bond Fund
Emerging Markets Equity Fund	UK Equity Fund
Ethical World Equity Fund	UK Equity Income Fund
European Equity Fund	UK Mid-Cap Equity Fund
European Smaller Companies Equity Fund	UK Smaller Companies Equity Fund
High Yield Bond Fund	World Equity Fund
Japan Equity Fund	World Equity Income Fund
Latin American Equity Fund	World Opportunistic Bond Fund
Managed Distribution Fund	
<b>Aberdeen Funds</b>	
Balanced Managed Portfolio	Equity Managed Portfolio
Cautious Managed Portfolio	Ethical Portfolio
Constellation Portfolio	Multi-Asset Distribution Portfolio
Diversified Alpha Portfolio	Diversified Growth Fund

## APPENDIX

### IMPORTANT INFORMATION FOR INVESTORS ON HOW WE HANDLE CLIENT MONEY

This client money information below will be reflected in your Terms and Conditions, effective from 22 May 2015.

#### CLIENT MONEY

##### **(a) Subscriptions and redemptions**

We are generally required to treat any money we receive from you or hold on your behalf as client money under the FCA Rules. This means that we make certain arrangements regarding the proper accounting and handling of your money to ensure that it is held separately from our own money. In the unlikely event that we go into liquidation, your money would be recognised as belonging to you.

When you buy or sell Shares or Units in any Fund, you agree that we are not required to treat your subscription payment or redemption proceeds as client money for the purposes of settling that transaction provided that the money is used to subscribe for Shares or Units (in the case of a subscription payment) or paid out to you (in the case of redemption proceeds) by the end of the business day following the day on which we received the money. In these circumstances, your subscription payment or redemption proceeds could be mixed with our own money and will not have the same level of protection as if we had treated it as client money.

We will treat your money as client money under the FCA Rules where we have received cash more than one business day prior to settlement date or cannot match this to an outstanding deal instruction before the next available Valuation Point. Where redemption proceeds are paid by cheque, such redemption proceeds will be held as client money until the cheque is cashed.

Any monies which are being treated by us as client money under the FCA Rules will be held in a pooled general client bank account. No interest is paid to you in respect of these monies. Interest earned is retained by us and offset against administration charges of the bank account.

If the bank operating a client money bank account were to become insolvent and your money was held in an account at that time, there is always the possibility that there could be a shortfall in the amount that we would be able to repay you. It may be possible to seek redress for any shortfall from the Financial Services Compensation Scheme (FSCS). Details are available from the FSCS helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: [www.fscs.org.uk](http://www.fscs.org.uk).

##### **(b) Transfer of business**

In the event that we transfer part of our business to another firm, we may also transfer all client money that we hold that relates to the business being transferred. If this is the case we will make sure that either the firm that the business is being transferred to will hold the client money in accordance with the client money rules, or make sure that the firm that we transfer the business to will apply adequate measures to protect these sums. If you wish any client money which belongs to you to be returned to you, it will be returned to you as soon as practicable, at your request.

We will write to you within seven days of any transfer of business which includes a transfer of your client money informing you: whether or not the sums will be held in accordance with the client money rules and if not how the sums being transferred will be held; the extent to which the sums transferred will be protected under any compensation scheme such as the FSCS (details above); and reminding you that you may opt to have the transferred sum returned to you as soon as practicable, at your request.

##### **(c) Client money statements**

With effect from 1 June 2015, you may request an ad-hoc statement of the client money that we are holding for you by contacting us. In addition, from early 2016 you will receive an annual client money statement.

A copy of the revised Terms and Conditions (which will be applicable to both ISA and non-ISA investors with Aberdeen Fund Managers Limited) will be available online from Thursday 2 April 2015 at [www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk) or by calling 0845 300 2890