



Addressee Name  
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Postcode

01 April 2025

**Investor name: {Account Name}**  
**Investor reference: {Account Number}**  
**Designation: {Designation}**

#### **IMPORTANT INFORMATION - FUND CHANGES**

Dear Investor,

#### **ABRDN OEIC I, ABRDN OEIC II AND ABRDN OEIC V – CHANGES TO THE INVESTMENT OBJECTIVE AND POLICY OF CERTAIN FUNDS**

**Please read this letter carefully as it contains important information regarding upcoming changes to a number of funds, as detailed on the next pages of this letter.**

**No action is required in response to this letter, but we would encourage you to familiarise yourself with the changes, as you are invested in one or more of the impacted funds.**

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 in the funds.

This letter includes a number of changes affecting the majority of our UK domiciled funds. Therefore, we have tried to group them together where possible to minimise the number of communications we send you. As noted above, these changes do not require any action from you and are aimed at improving the way we report on our funds' performance and enhancing existing disclosures.

Whilst we have tried to keep this letter as clear and straightforward as possible, should you have any questions or require further information please do not hesitate to get in touch with us via the contact details in the "Contact us" section of this letter.

A summary of the impacted funds (of which you may be invested in one or multiple) and the applicable changes are as follows:

FUND NAME	Performance target change	Performance period change	Performance comparator change	Investment policy enhancements	Other changes
<b>ABRDN OEIC I</b>					
abrdn American Equity Fund	✓	✓	✓	✓	✗
abrdn Asia Pacific Equity Fund	✓	✓	✓	✓	✓
abrdn Emerging Markets Equity Fund	✓	✓	✓	✓	✗
abrdn Europe ex UK Equity Fund	✓	✓	✓	✓	✗
abrdn European Real Estate Share Fund	✓	✓	✗	✓	✓
abrdn European Smaller Companies Fund	✓	✗	✓	✗	✗
abrdn Global Equity Fund	✓	✓	✓	✓	✗
abrdn Japanese Equity Fund	✓	✓	✓	✓	✓
abrdn Latin American Equity Fund	✓	✓	✓	✓	✗
abrdn UK Mid-Cap Equity Fund	✓	✓	✗	✗	✗
abrdn UK Real Estate Share Fund	✓	✓	✗	✓	✓
<b>ABRDN OEIC II</b>					
abrdn Europe ex UK Smaller Companies Fund	✓	✗	✓	✗	✗
abrdn Global Smaller Companies Fund	✓	✓	✓	✗	✗
abrdn North American Small & Mid-Cap Equity Fund	✓	✗	✓	✓	✗
abrdn UK Smaller Companies Fund	✓	✓	✗	✗	✗
<b>ABRDN OEIC V</b>					
abrdn UK Value Equity Fund	✓	✗	✗	✗	✓

(each the “Fund” and together the “Funds”)

We regularly review our range of funds to ensure that they are best positioned to deliver positive outcomes for investors and are appropriate in the current marketplace. As a result of a recent review, on 2 June 2025 (“**Effective Date**”) we will make changes to the Funds as summarised in the above table:

## Updates to the Funds

### 1. Performance Targets

The Funds’ current performance targets (which is the level of performance each Fund aims to achieve) are to exceed the performance of the relevant Fund’s benchmark by 3% per annum (threshold) over the Performance Period (as explained below) and each Fund’s performance is calculated before deducting fees.

The current performance targets were originally introduced with the aim of providing an indication of a potential performance outcome considering a number of factors, including the Funds’ risk profiles. They were not intended to be regarded as an absolute measure of success. We now however believe that setting a simplified target would better represent the return being sought and how the Funds are being managed whilst providing enhanced clarity to investors in assessing performance. Therefore, these performance targets will be replaced with a new target of aiming to outperform the relevant Fund’s benchmark with no specific threshold, after charges are accounted for. The fundamental way in which the Funds are being managed and the expected risk profile of the Funds remains unchanged.

We believe the updated performance targets provide the most appropriate measure of success for the Funds and allows for easier comparison of performance against their respective peers. Furthermore, we

believe that measuring performance against the benchmark 'after charges' is appropriate and simpler, given this reflects the actual performance each investor experiences after the deduction of fees.

## 2. *Performance Period*

The time period for measuring the performance for the Funds will be aligned with the objective, to be measured over rolling five (5) year periods. Investors should be aware that this change therefore means that we are aiming to achieve the Fund's stated performance target over this longer five (5) year period (rather than the previous performance period of either one (1) or three (3) years respectively). We believe five (5) years is a reasonable timeframe, given the objective of the Funds is to generate growth over the long term, which is generally considered to be five (5) years or more. Furthermore, this better reflects the Funds' Target Market which consists of investors aiming for a return outcome over a longer term of five (5) years and avoids any ambiguity on the recommended holding period where a shorter performance timeframe had been stated. This does not reflect a change in the Funds' objective but better harmonises it with the performance target. In addition, the updated timeframe also corresponds with a typical market cycle, enabling a more accurate performance assessment.

## 3. *Performance Comparator*

To further aid the investors' ability to assess performance of the Funds, we are also adding the Investment Association (the "IA") sector peer groups as performance comparators where appropriate IA peer groups exist. For the avoidance of doubt, the performance comparators are not replacing the existing benchmarks used by the Funds. They are added to serve as an additional tool to assess performance of the Funds, which we believe will be of benefit to investors. Details of the performance comparators which will be added to the Funds from the Effective Date are included in the table below:

Fund	Comparator
abrdn American Equity Fund	IA North American Equity Sector Average
abrdn Asia Pacific Equity Fund	IA Asia Pacific excluding Japan Equity Sector Average
abrdn Emerging Markets Equity Fund	IA Global Emerging Markets Equity Sector Average
abrdn Europe ex UK Equity Fund	IA Europe excluding UK Equity Sector Average
abrdn Europe ex UK Smaller Companies Fund	IA European Smaller Companies Equity Sector Average
abrdn European Smaller Companies Fund	IA European Smaller Companies Equity Sector Average
abrdn Global Equity Fund	IA Global Equity Sector Average
abrdn Japanese Equity Fund	IA Japan Equity Sector Average
abrdn Latin American Equity Fund	IA Latin American Equity Sector Average
abrdn North American Small & Mid-Cap Equity Fund	IA North American Smaller Companies Equity Sector Average

As a result of the review of performance comparators, we will also be removing the IA Global Equity Sector Average as the performance comparator for the **abrdn Global Smaller Companies Fund**. Although the intention to include the IA Global Equity Sector as a performance comparator was with the aim of offering an additional way of comparing the Fund's performance to peers, the IA Global Equity Sector is dominated by funds investing in larger companies, and hence it has not proved to be a useful comparison tool for investors in funds with a focus on smaller companies. As there is no equivalent IA sector for smaller companies funds which would provide investors with a suitable like-for-like performance comparison, the existing performance comparator will be removed on the Effective Date. For clarity, the Funds' benchmark, MSCI AC World Small Cap Index, remains unchanged.

#### 4. *Investment Policy Enhancements*

Alongside making the changes mentioned above, we have also taken the opportunity to make further enhancements to the investment policies of the Funds, where appropriate. These updates are made for the sake of clarity.

#### 5. *Other Fund Specific Changes*

- a. As part of the above updates, we have also reviewed the existing benchmarks for the Funds to ensure they remain the best way of assessing the performance of the Funds. As a result of this review, from the Effective Date the benchmarks for the **abrdn European Real Estate Share Fund** and **abrdn UK Real Estate Share Fund** will change as outlined in the table below:

Fund	Current Benchmark	New Benchmark
abrdn European Real Estate Share Fund	FTSE EPRA Nareit (UK Restricted) 10% Capped Index	FTSE EPRA Nareit Developed Europe Index
abrdn UK Real Estate Share Fund	FTSE 350 Real Estate Index	FTSE EPRA Nareit UK Index

We believe the new benchmarks are more reflective of industry standards, and therefore, this change will be of benefit to investors, as it will allow for easier comparison of these Funds' performance against their respective peers. For the avoidance of doubt, there are no changes to how the Funds are managed as a result of these changes.

- b. Additional change to the investment objective of the **abrdn European Real Estate Share Fund** and **abrdn UK Real Estate Share Fund**

The Funds invest in mostly income generating equities (company shares), i.e. Real Estate Investment Trusts, however the main objective of the Funds is to provide a return from either income received from these companies or share price (capital) appreciation of these companies. This is distinct from the funds where their main objective is income generation. Therefore, on the Effective Date the current investment objective of the Funds will be changed from delivering "income and some growth" to "growth and income". We believe this amendment more accurately reflects the Funds' objectives.

- c. The upper tracking error expectation (a measure of expected variation between the returns of the fund and the index) is being changed to 9% for the Funds as summarised in the table below:

Fund	Current upper tracking error expectation	New upper tracking error expectation
abrdn Asia Pacific Equity Fund	12.5%	9%
abrdn Japanese Equity Fund	10%	9%
abrdn UK Real Estate Share Fund	12%	9%

This decrease does not change the Fund's risk profile. The reduced upper tracking error expectation is now set at a more appropriate level for these funds, which we believe provides better clarity for investors.

- d. Currently, the abrdn **UK Value Equity Fund** can invest in UK equities (company shares) only. From the Effective Date, the Fund will also be able to invest in overseas non-UK listed equities, however, these will be limited to a maximum of 20% of the Fund. We believe introducing this additional flexibility is in the best interest of investors as it will expand the investment opportunities for the Fund, which in turn will support meeting its investment objective of generating long term growth.

For the avoidance of doubt, there are no changes to how the Funds are managed as a result of the changes detailed above.

A list of the impacted share classes is set out in Appendix 1. The current and new investment objective and policy of each Fund along with the Frequently Asked Questions document can be found at [www.abrdn.com/en-gb/personal/log-in/abrdn-uk-funds-oeic-unit-trust/investor-communications](http://www.abrdn.com/en-gb/personal/log-in/abrdn-uk-funds-oeic-unit-trust/investor-communications).

If you would like to receive paper copies of the above comparison you may request this from us using the details in the "Contact us" section below.

Please note that all impacted Funds are listed on the above webpage, therefore please ensure that you read the relevant changes for the Fund or Funds in which you are invested.

## Risk Profile

Each 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

We will meet the expenses arising as a result of these changes, including all administrative expenses and other professional adviser expenses.

## Other information

No action is required from you and this notification is for information only. On the Effective Date our fund documentation, including the prospectuses and KIIDs, will be updated to reflect the changes set out in this letter for each of the Funds, and will be made available at <https://www.abrdn.com/en-gb/personal/save-and-invest/abrdn-funds>. Please also note that all share classes in all Funds will be impacted by these changes (see Appendix 1 for the full list of available share classes).

## Contact us

If you have any questions or would like to know more about the changes detailed in this letter, 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 changes to the Funds, we cannot provide financial advice. If you wish to receive financial advice, you should speak to a person authorised to give such advice.

Thank you for your continued support of abrdn.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Adam Shanks', with a long horizontal flourish extending to the right.

Adam Shanks, Director  
**abrdn Fund Managers Limited**

## APPENDIX 1

Fund	Share class	ISIN
abrdn American Equity Fund	A Acc	GB00B0XWN143
	I Acc	GB00B0XWN259
	Z Acc	GB00B0XWN366
abrdn Asia Pacific Equity Fund	A Acc	GB00B0XWNF82
	I Acc	GB00B0XWNG99
	Z Acc	GB00B0XWNH07
	A Inc	GB00B1F7XT29
	I Inc	GB00B88N7058
	K Acc	GB00BKC7YF17
	ZC Acc	GB00BPQFN606
abrdn Emerging Markets Equity Fund	A Acc	GB0033228197
	I Acc	GB0033227561
	Z Acc	GB00B1CDBB12
	I Inc	GB00BH0VV536
	K Acc	GB00BJVNFJ45
	ZB Acc	GB00BPQFQ492
	ZC Acc	GB00BPQFQ500
abrdn Europe ex UK Equity Fund	A Acc	GB00B0LG6N13
	I Acc	GB00B0LG6P37
	Z Acc	GB00B1CDBC29
	ZC Acc	GB00BPBR9V84
	A Inc	GB00BPBR9T62
abrdn Europe ex UK Smaller Companies Fund	Retail Acc	GB00BYR2M03
	Institutional Acc	GB00BYMMJD73
	ZC Acc	GB00BYMMJJ36
	Institutional Inc	GB00BNGCW154
abrdn European Real Estate Share Fund	A Acc	GB00BWK26675
	A Inc	GB00BWK26782
	I Acc	GB00BWK26907
	I Inc	GB00BWK26899
	Z Acc	GB00BWK26B27
abrdn European Smaller Companies Fund	A Acc	GB00B0XWN473
	I Acc	GB00B0XWN580
	K Acc	GB00BDD9P434
abrdn Global Equity Fund	A Inc	GB0031682627
	A Acc	GB0031682403
	I Acc	GB0031682734
	I Inc	GB00B83WC467
	L Acc	GB00BD074M16
	L Inc	GB00BD074N23
	ZC Acc	GB00BRF1VS19

abrdn Global Smaller Companies Fund	Retail Acc	GB00B4KHN986
	Institutional Acc	GB00B777SP34
	ZC Acc	GB00B777Y552
	Institutional S Acc	GB00BBX46522
abrdn Japanese Equity Fund	A Acc	GB0004521620
	I Acc	GB0004521737
	Z Acc	GB00B1CDBD36
abrdn Latin American Equity Fund	I Acc	GB00B4R0SD95
	A Acc	GB00B41QSW23
abrdn North American Small & Mid-Cap Equity Fund	Retail Acc	GB0004483326
	Institutional Acc	GB0004483094
	ZC Acc	GB00B7JJXV88
	Retail Inc	GB00BYQNBC93
	Institutional S Acc	GB00BYYW0M13
abrdn UK Mid-Cap Equity Fund	A Acc	GB00B0XWNR05
	A Inc	GB00B0XWNNQ97
	I Acc	GB00B0XWNT29
	I Inc	GB00B0XWNS12
	K Acc	GB00BDD9P541
	K Inc	GB00BPCP3Y22
	ZC Acc	GB00BPBR9J64
	P Acc	GB00BPBR9K79
abrdn UK Real Estate Share Fund	A Acc	GB00B0XWNNM59
	I Acc	GB00B0XWNN66
	K Acc	GB00BDD9P327
	Z Acc	GB00BMCM7N90
abrdn UK Smaller Companies Fund	Retail Acc	GB0004331236
	Institutional Acc	GB0004333497
	ZA Inc	GB00BD5G0P80
	ZC Acc	GB00B99H3M72
	Institutional Regulated Acc	GB00BPTJ5T65
	Institutional A Acc	GB00BYY37X46
	Institutional Inc	GB00B8K1GG67
	Institutional S Acc	GB00BBX46183
	Institutional S Inc	GB00BBX46290
	Retail Inc	GB00BYQNBS53
	Z Acc	GB00BNTY3M68
abrdn UK Value Equity Fund	Retail Acc	GB00B0LD3B90
	Institutional Acc	GB00B0LD3C08
	ZC Acc	GB00B99MHN14
	ZA Acc	GB00BPTJ5X02
	Institutional S Acc	GB00BBX46D05
	Institutional A Acc	GB00BYY38R50