

Dear Unitholder

**Changes to the Aberdeen Standard Australian Equities Fund (ARSN 087 868 264, APIR MGL0114AU)
from 19 April 2021**

At Aberdeen Standard Investments ('we', 'our'), our vision for a better future starts with asking more of ourselves. Every day we look for ways to go further for our clients and customers, to be a better and more inclusive employer, to strengthen our governance and to reduce our environmental impacts.

We have been integrating environmental, social and governance (ESG) considerations into our investment process since the 1990s. Investing responsibly is not only the right thing to do, it also helps us to identify opportunities and manage risks. ESG investment is about active engagement, with the goal of improving the performance of assets we manage around the globe. We want to make a difference – for our clients and customers, society and the planet.

As we continue to evolve our ESG integration, we would like to advise that we are making changes to the Aberdeen Standard Australian Equities Fund ('the Fund').

On 19 April 2021 the Fund will change to offer a Sustainable and Responsible Investment (SRI) Australian equity fund strategy. The name of the fund will also change to Aberdeen Standard Focused Sustainable Australian Equity Fund.

From this date the Fund will utilise our SRI philosophy and approach to invest primarily in a concentrated portfolio of around 20-35 companies (currently 20-40 companies) that are listed or proceeding to listing on the Australian Securities Exchange (ASX) and have the potential for capital growth and increased earning potential.

The changes are summarised in this letter, which should be reviewed and kept for future reference. Other information about our SRI Equity Approach is outlined in the enclosed flyer.

It is important to note there is no change to the current investment management fee charged by the Fund, and the Fund's investment objective to outperform the benchmark, the S&P/ASX 200 Accumulation Index, after fees, over rolling three year periods, does not change.

The changes will be incorporated in the forthcoming Product Disclosure Statement (PDS) for the Fund dated 19 April 2021. We encourage you to read the PDS, which can be viewed or downloaded from our website, aberdeenstandard.com.au from 19 April 2021. Alternatively, you can request that the PDS be sent to you.

What action do unitholders in the Fund need to take?

You are not required to take any action as a result of receiving this letter. However, it is important that you understand what the changes mean and how they will affect your investment in the Fund.

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This letter should not be taken as advice and does not take into account your personal financial situation, objectives or needs. Before making a decision about whether or not to remain invested, we strongly recommend that you seek advice from a financial adviser.

What do the SRI equity strategies seek to deliver?

Our SRI equity strategies seek to generate strong long-term performance by allocating capital to companies which demonstrate that they are sustainable leaders and improvers versus their peers, through their management of ESG risks and opportunities.

Our SRI equity portfolios contain high-quality companies that have been identified through our bottom-up equity research process which takes into consideration the sustainability of the business in its broadest sense and the company's ESG performance. Within our equity investment process, every company that we invest in is given a proprietary overall Quality rating and a component of this is the ESG Quality rating which enables portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, portfolio managers also use our proprietary ESG House Score to identify and exclude those companies exposed to the highest ESG risks within high and medium risk sectors. Finally for this range of products, binary exclusions are applied to exclude the particular areas of investment as detailed below.

What is the new fund strategy?

The new fund strategy aims to generate strong long-term performance over the benchmark by allocating capital to best-in-class ESG companies, as well as those seeking to improve ESG practices and uphold recognised sustainability standards.

The Fund will target weighted average carbon intensity at least 20% lower than the benchmark for the Fund¹.

The Fund will not invest in companies which have a revenue contribution:

- of 5% or more from tobacco or are tobacco manufacturers
- of 5% or more from gambling
- of 10% or more from unconventional oil and gas extraction or are investing in new unconventional extraction capacity in their own operations from thermal coal extraction
- from the manufacture or sale of conventional weapons or weapons support systems.

In addition, the Fund will not invest in companies which:

- have failed to uphold one or more principles of the UN Global Compact
- are involved in controversial weapons covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, depleted uranium ammunition and blinding lasers
- are primarily involved in conventional oil and gas extraction and do not have a significant revenue contribution from natural gas or renewable alternatives
- are directly involved in electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario
- are directly investing in new thermal coal or nuclear electricity generation capacity in their own operations.

The Fund will continue to be managed by Aberdeen Standard Investments' Australian Equity team.

As is currently the case, there is no guarantee that the investment objective of the Fund will be achieved or that capital will be maintained over the short or long term.

Is there any tax impact on the Fund as a result of these changes?

The Fund has carried forward net capital losses. Some of these losses will be utilised when the Fund is restructured, so there will be limited tax impact on unitholders in the Fund.

¹ As measured by the ASI Carbon Footprint tool (which uses Trucost data for Scope 1&2 emissions) calculated quarterly and reported six-monthly.

What benefits does the new fund strategy offer investors?

In addition to the benefits offered by the current fund strategy (including investors having access to investment professionals who are part of a globally integrated network with global research capabilities, and income distributions typically paid half-yearly), the new fund strategy should benefit investors seeking long term capital growth with some income through investment in Australian equity securities, while reducing exposure to the long term risks associated with ESG factors and companies which fail to meet recognised sustainability standards while seeking improvement in business practices / approach through targeted engagement.

What are the risks of the new fund strategy?

All investments carry risk. Different strategies carry different levels of risk depending on the assets that make up the strategy. These could include the loss of invested capital, delays in repayment and the non-payment of distributions.

There are a number of significant risks that investors must understand. Please refer to the PDS for more information regarding the significant risks of the Fund. The changes do not introduce any new risks.

Do the changes affect the Standard Risk Measure for the Fund?

The Standard Risk Measure² for the Fund (currently '7 – Very High') does not change as a result of the changes.

Can unitholders withdraw from the Fund?

Unitholders can withdraw from the Fund at any time in accordance with the withdrawal instructions detailed in the current PDS for the Fund. Normal transaction costs (i.e. a sell spread of 0.18%) will be payable by the unitholder.

What are the tax consequences of withdrawing from the Fund?

A withdrawal of units from the Fund is a tax event. The withdrawal proceeds may encompass a return of your capital, as well as a component of income and capital gains (similar to a distribution) which may be taxable.

We recommend that you speak with your financial adviser or tax adviser, as this letter has not taken into account your personal financial situation, objectives or needs.

Enquiries

Should you have any questions or require further information, please contact our Client Service team on 1800 636 888 (Australian investors toll free) or +61 2 9950 2853 (if calling from outside Australia).

Alternatively you may wish to email us at client.service.aust@aberdeenstandard.com

Yours sincerely



Amanda Young
Head of Client Services - Australia
Aberdeen Standard Investments Australia Limited

² The Standard Risk Measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure should not be considered personal advice. Investors should regularly review their investment decision with their financial adviser. Please refer to the PDS and the website, aberdeenstandard.com.au details.