

## **ABERDEEN DIVERSIFIED INCOME AND GROWTH TRUST PLC**

**LEGAL ENTITY IDENTIFIER (LEI): 2138003QINEGCHYGW702**

**21 OCTOBER 2020**

### **NOTICE TO BOND HOLDERS & COMPANY UPDATE**

#### **Bond repurchase offer**

The Board of Aberdeen Diversified Income and Growth Trust plc (the “Company” or “ADIG”) hereby announces to holders of its £60 million 6.25% Bonds due 2031, ISIN XS0134340180, (the “Bonds”) that it has agreed terms with a holder of the Bonds to repurchase £37 million in aggregate principal amount of the Bonds.

The Bonds are to be repurchased on or about 2 November 2020. The purchase price will be calculated using the redemption yield of 0.80% above the mid-market yield on the United Kingdom 6% Treasury Stock due 7 December 2028 at or about 11 a.m. on 26 October 2020 (the “Reference Redemption Yield”).

In order to enable other holders of the Bonds to participate in the offer on equivalent terms, the Company is inviting any other holders who wish to sell their Bonds to contact the Company on or before 5 p.m. London time on 23 October 2020. The Company will not purchase more than £45 million principal amount of the Bonds (the “Offer Amount”), and so if offers to sell are received in excess of the Offer Amount the Company will scale back offers to sell on a *pro rata* basis.

If applications are validly received for the Offer Amount (equivalent to 75% of the total issue), using the redemption yield indicated above over the 6% Treasury Stock 2028, as at the latest practicable date of 20 October 2020, the cost will be equivalent to a fair value net asset value reduction of approximately 1.6 pence per Ordinary share.

Assuming a full take up of the offer, following the repurchase and cancellation of the Bonds there would remain £15 million Bonds due 2031 in issue with interest payable thereon half yearly at the coupon rate of 6.25%.

The Board believes repurchasing the Bonds has a number of benefits which include:

1. Reducing leverage: overall gearing on a fair value basis is expected to fall from approximately 24% to 6%. The repurchase retires a substantial portion of expensive debt in a low interest rate and volatile environment;
2. Increasing cash flow: the repurchase will immediately reduce the interest cost payable by the Company by up to £2.8 million per annum, assuming repurchase of the full Offer Amount, supporting the intention to have a progressive dividend programme;
3. Increased capital management flexibility: the repurchase provides the Company more flexibility in respect of discount management, including share buybacks.

The Board and the Manager continue to keep the overall level of gearing under review. However, in the prevailing economic environment, there is no current intention to introduce further fixed rate gearing.

#### **Strategic review**

The Board has conducted an extensive strategic review as to the Company's ability to provide investors with stable growth and income in what is an increasingly volatile macro-economic environment. COVID-19 has accelerated much of this uncertainty. As a result of this review, it has been agreed with the Manager that a greater focus should be given to the Company's allocation to private market investments, being an important element of the Company's investment policy. It has been agreed that Nalaka De Silva, Aberdeen Standard Investments' Head of Private Markets Solutions, will assume oversight of the Company's portfolio asset allocations as portfolio manager and chair of the ADIG investment committee, which includes Tony Foster and Emma Scott. Support continues to be provided by the Aberdeen Standard Investments' broader Private Markets Solutions and Multi-Asset Solutions teams.

Nalaka has 18 years' experience in developing, implementing and managing strategies across the Public and Private Markets spectrum. This includes investments across Private Equity, Infrastructure, Real Estate, Natural Resources and Private Credit on a global basis. Solutions based strategies are designed around client outcomes including growth, income and proactive ESG strategies.

Nalaka joined Aberdeen Standard Investments in 2012. Prior to this, Nalaka held senior roles at Australian and European Investment management firms. He has lead M&A activity, off-market acquisitions and divestments of assets together with offshore and onshore capital raising in debt and equity markets. Nalaka is a qualified Chartered Accountant and holds a postgraduate degree in Commercial Law and Accounting.

The repurchase of the Bonds will be financed by the sale of assets. The requirement to raise cash to purchase the Bonds together with a full portfolio review will lead to a re-allocation of assets. It is expected that exposure to private markets investments will increase, on a fully committed basis, to around 55% of total assets over time. At the interim review stage as at 31 March 2020 and before the strategic review, the exposure to unlisted investments was expected to extend to around 40% of the portfolio with the commitments then made. The unlisted investments provide exposure to an increasingly diverse range of assets with different return drivers. With earlier investments now reaching full maturity and the natural evolution of the portfolio, these will play an increasingly important element in the delivery of portfolio returns.

## **Dividend**

A major component of the proposition to investors is offering a dependable and regular dividend. The Board is committed to a progressive dividend policy and confirms, as part of the strategic review, its intention to continue to pay the current level of dividend. Furthermore, during the period when private markets investments move towards distribution paying ability, the Board is prepared to utilise the substantial revenue reserves that have been built up by the Company over many years to support the dividend policy.

Further information regarding these changes, together with details on the requirement to change the Company's investment objective due to the forthcoming market transition away from LIBOR, will be contained in the annual report for the year ended 30 September 2020, which is expected to be published no later than January 2021.

## **Contact details**

For offer participation, please contact in the first instance the company secretary to the Company:

Stuart Reid

Telephone: 0131 528 4134

Email: [stuart.reid@aberdeenstandard.com](mailto:stuart.reid@aberdeenstandard.com)

**This announcement is released by the Company and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014**

For further information, please contact:

Aberdeen Standard Fund Managers Limited

Luke Mason

Gary Jones

William Hemmings

Tel. 0207 463 6000

Cenkos Securities plc

Andrew Worne

Tel. 0207 397 1912

Daniel Balabanoff

Tel. 0207 397 1909

Rob Naylor

Tel. 0207 397 1922