

Changes to UK Investment Funds – from 7th August 2019



Investment objective & policy changes – Standard Life Wealth Falcon Fund (to be renamed Aberdeen Standard Capital Falcon Fund)

Investment objective		Investment policy	
Existing	Proposed	Existing	Proposed
<p><u>Investment Objectives and Policies of the Scheme</u></p> <p>The investment objective of the Scheme is to provide long-term capital growth through investment principally in UK and international equities. The Scheme may also invest in collective investment schemes, warrants, deposits, approved money market instruments, fixed interest securities, derivative instruments and forward transactions.</p> <p>Whilst it is anticipated that over the long term the Scheme will be predominantly invested in equities for a majority of the time, its composition may occasionally be altered</p>	<p>To generate growth over the <i>long term</i> (5 years or more) by investing in global equities (company shares).</p> <p><i>Performance Target:</i> To exceed the ARC Private Client Indices (PCI) Equity Risk Net Return Index per annum after charges over rolling 3 year periods. The <i>performance target</i> is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the <i>performance target</i>.</p> <p>The Manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.</p>	<p>See existing investment objective.</p>	<p>Portfolio Securities</p> <p>The fund invests at least 70% in equities and equity related securities of companies listed on global stock exchanges.</p> <p>The fund may also from time to time adopt temporary defensive positions in response to adverse market conditions and invest up to 10% in <i>bonds</i> (loans to companies or governments).</p> <p>The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), <i>money-market instruments</i>, and <i>cash</i>.</p> <p>Management Process</p>

substantially following changes in the Investment Adviser's investment views. The Scheme will be able to take significant positions in individual stocks, sectors and geographic regions, and there will be no limits on the proportion of the Scheme invested in bonds or equities or in any one geographic region. The Scheme is designed for investors who are willing and able to accept a high degree of volatility.

The management team use their discretion (*active management*) to maintain a diverse asset mix at country, *sector* and stock level.

Their primary focus is on stock selection using research techniques to select individual holdings. The research process includes identifying companies where the management team have a different view of a company's prospects to that of the market, or looking for high quality companies at attractive valuations that can be held for the *long term*.

In seeking to achieve the *performance target*, a composite index, details of which are provided below, is used as a reference point for portfolio construction and as a basis for setting risk *constraints*. The expected variation ("tracking error") between the returns of the fund and the composite index, is not ordinarily expected to exceed 6%. Due to the fund's risk *constraints*, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the *longer term*.

Composite Index: 30% FTSE All-Share Index, 70% FTSE World ex UK Index.

Derivatives and Techniques

The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as

“Efficient Portfolio Management”).

Derivative usage in the fund is expected to be very limited. 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.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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