

FAQ – Member meetings for changes to constitutions

1. Why is Aberdeen Standard Investments Australia Limited proposing these changes?

We, as the Responsible Entity, are proposing the following changes to introduce flexibility to operate the funds as permitted if they were being established as a new scheme. We consider the powers being introduced into the constitutions as standard and would be part of the constitution of any similar scheme being newly established today.

The inability to implement a simple administrative function such as creating different classes of units impacts our ability to operate the funds. For example, the creation of classes of units permits the flexibility to structure and offer classes to particular categories of investors. To do this, we require the power to issue new classes of units, which the proposed amendments will permit. This would help facilitate continued investment via intermediaries supporting continued flows into, liquidity and marketability of the funds.

We also wish to make certain other modernisation amendments to align some of the key provisions of the constitutions with those that would typically be included in the constitution for a fund being established today. The following amendments will assist with and facilitate the efficient operation and management of the funds:

- a) The fund constitution to provide the ability to charge a performance fee in the future. **We do not currently intend to charge a performance fee.**
- b) Improve the ability to manage the liquidity of the funds. This includes the ability to suspend redemptions in certain prescribed circumstances such as where it is impracticable to calculate the net asset value of the fund, the underlying investments of the fund are suspended or we receive a large redemption. This also includes the ability to spread redemptions over a number of days to manage circumstances where a large redemption request, or a series of redemption requests which are together significant, have been received.
- c) Ability to compulsorily redeem units in certain prescribed circumstances. For example, if we believe the units are held in breach of prohibitions in the constitutions or in circumstances which might breach applicable law or regulation or we determine that it is uneconomical to operate the funds. These powers are designed to enable us to better protect the interests of Members as a whole.
- d) Possibility of quoting (as an exchange traded fund) or listing (as a listed investment trust) a class of units in the fund at a future point in time. To facilitate this, certain mechanics would need to be incorporated into the constitutions at the relevant time. To avoid the need and cost involved in seeking additional approval for this at a future point in time, we wish to amend the constitutions at this time to provide us with the ability to do all things necessary, including amending the constitutions, to facilitate the quotation or listing of a class of units in the funds at a future point in time.
- e) Improve the ability to, if necessary in the future, facilitate an orderly winding up of the fund(s) including having the ability, having regard to the interests of Members, to transfer assets to members in-specie on termination of the fund(s). Additional discretion and flexibility to determine the manner in which meetings may be conducted. These amendments are designed to provide additional efficiencies in relation to the convening and holding of Member meetings.
- f) Enhanced ability to use technology at Members' meetings and issue electronic notifications.

Aberdeen Standard Investments Australia Limited

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2. What is going to happen next?

We have informed Members of the proposed changes in writing. A meeting of Members will be held at our office at Level 10, 255 George Street Sydney, NSW 2000, on 2 July 2020, at 10.00 a.m. However, due to government restrictions and public health advice regarding COVID-19, the meeting will be held virtually. Members will not be able to physically attend the meeting, but will instead be able to attend, vote and ask questions through the Lumi AGM (virtual meeting platform provider).

Members are advised to email us by no later than 10:00 am on 30 June 2020 (AEST) at client.service.aust@aberdeenstandard.com, and confirm their email address and client number / account number. We will then provide the member with a unique meeting access code. For further information about how to join, participate and vote at the virtual meeting, please refer to the 'Lumi AGM Meeting Guide'.

Following the member meeting, we will notify Members of the outcome. If a quorum is not present, the meeting will be adjourned to such place and time to be determined.

3. How will the resolutions be passed?

The resolutions are passed if 75% of votes cast are in favour.

4. What is the proposed date of the changes assuming the resolution is passed?

The amendments to the constitutions will be implemented promptly after passing of the resolutions.

5. What are my rights as a Member? What must I do to exercise my rights?

As a Member, you can exercise your voting rights by completing the proxy form and submitting it to us at Level 10, 255 George Street Sydney, NSW 2000, by 10am on 30 June 2020, or by attending the meeting.

6. Are there any changes to the investment objective, strategy, or risk profile of the funds?

No, there are no changes to how the funds are being managed.

7. Will there be any adverse impact to my investments if the resolutions are passed/approved?

Our intention is that the manner in which the funds are operated will not change in a way that will materially impact Members of the funds. We do not consider that the proposed amendments to the constitution of the funds will have any material adverse effect on your rights and obligations as a member of the fund. However, please note the following if the resolutions are approved:

- a) as units in the fund have one vote for each dollar of value of the total interest they have in the scheme, if the creation of new classes of units attracts new investors to the fund that may not otherwise have been attracted to the fund (thereby increasing the size of the fund), there may be dilution of the existing voting rights of the Members, for example if the value of the new class was to increase relative to the value of existing class of units. Members who wish to mitigate any dilution of their holding could seek to increase their holding in any newly created class;
- b) We will be entitled to charge a performance fee in the future. We do not currently propose to charge a performance fee. All management fees, including any performance fee component, are deducted from the assets of the fund. A change to a fund's current management fees at any time in the future, including introduction a performance fee, will be notified to unitholders in advance in accordance with the Corporations Act.

- c) In certain limited circumstances we may exercise our discretion to suspend or spread redemptions. The intention of each of these measures is to ensure we are able to more effectively manage liquidity of the funds and better protect your interests as a whole. However, it may mean that in certain circumstances your ability to redeem from the funds will be suspended for a period of time (as prescribed in the Fund Constitution) or that your redemption request may be spread out (that is, deemed a number of separate redemption requests, each for a portion of the total number of Units in the original redemption request, which will be redeemed on consecutive days).

It is important to note that there will be no change to the investment objective, investment strategy or the risk profile of the funds as a result of the proposed amendments to the constitution.