Changes to UK Investment Funds – from 7th August 2019

Aberdeen Standard Investments

Investment objective & policy changes – Standard Life Investments UK Real Estate Funds ICVC

Investment objective		Investment policy	
Existing	**Proposed**	**Existing**	**Proposed**
It is intended that the Sub-fund will be a PAIF at all times, and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised for investment in the Property Investment Business. The objective of the Sub-fund is to invest primarily in UK commercial property to provide a combination of income and capital growth over the long term.	To generate income and some growth over the long term (5 years or more) by investing in UK commercial property. It is intended that the sub-fund will be a PAIF at all times and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised for investment in the Property Investment Business. *Performance Target*: To exceed the return of the Investment Association's UK Direct Property Sector average return (after charges) over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the sub-fund. There is however no certainty or promise that they will achieve the *Performance Target*. The ACD believes this is an appropriate target for the sub-fund based on the investment policy of the sub-fund and the constituents of the sector.	The Sub-fund will aim to diversify risk by seeking exposure to three main sectors: Retail (e.g. shopping centres, retail warehouses, standard shops, supermarkets and department stores); Offices (e.g. standard offices and business parks): and Industrial (e.g. standard industrial estates and distribution warehousing) In addition, the Sub-fund may also gain exposure to other property sectors (e.g. leisure parks, restaurants, pubs, hotels, student accommodation and residential). The Sub-fund will seek geographic diversification across the UK amongst properties held. The Sub-fund may also invest in other property related assets (including	**Portfolio Securities:** • The sub-fund will invest at least 70% in in a diversified portfolio of UK freehold and leasehold *commercial property* selected from across the retail, office, industrial and other sectors. • The sub-fund may also invest indirectly in *commercial property through* investment vehicles such as quoted and unquoted property companies or funds (including those managed by Aberdeen Standard Investments). • The fund may also invest in short term government *bonds* such as gilts, *money-market instruments* and *cash*. **Management Process:** • The management team use market research and their discretion (active management) to identify investments that are expected to benefit from changes in property prices and property improvements. They will maintain a diverse asset mix at sector level.

		property related transferable securities and property related collective investment schemes), money-market instruments, deposits, money-market related collective investment schemes and government and public securities. The Sub-fund may also invest in derivatives and forward transactions but only for the purposes of hedging (which includes efficient portfolio management), not for the purpose of meeting the investment objective.	• Their primary focus is on asset selection using research techniques to select individual holdings that are attractively priced relative to their potential for value to be created through market movement and asset management activity, which align with their views regarding future economic and business conditions and which are intended to limit overall performance volatility. • Please note: Selling property can be a lengthy process so investors in the sub-fund should be aware that, in certain circumstances, they may not be able to sell their investment when they want to. • The fund may use *derivatives* to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management"). • Where derivatives are used, this would typically be to maintain allocations following a significant inflow into the sub-fund.

GB-070619-91122-1 ASI_1362_Changes_To_UK_Investment_Funds_TCM4 0519

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