



## **Distribution Guide**

At abrdn we provide a variation of income share classes on our SICAV funds designed to meet the differing requirements of our investors in order to help provide the best possible outcomes.

The following describes each income share class and the associated risks of each.

### **Gross Stable Income Shares (“Stable”)**

Dividends of Gross Stable Income Shares will distribute a stable rate or amount of income based on the projected level of annual investment income with any costs and/or certain taxes taken directly from the capital. The objective of this class is to limit potential variation in distribution rates over the course of the financial year. These Gross Stable Income Shares will be denoted by adding "Gross Stable" next to the Class (e.g. A Gross Stable MInc). The rate or amount per annum is subject to periodic review and may be subject to change (upwards or downwards) if the Management Company deems it appropriate.

Gross Stable Income Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "General Risk Factors".

### **Gross Income Shares (“Gross”)**

Dividends of Gross Income Shares will include all income generated by the relevant Shares, with any costs and/or certain taxes taken directly from the capital of such Share. These Gross Income Shares will be denoted by adding "Gross" next to the Class (e.g. A Gross MInc). The rate or amount per annum is subject to periodic review and may be subject to change (upwards or downwards) if the Management Company deems it appropriate.

Gross Income Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "General Risk Factors".



### **Fixed Distribution Shares (“Fixed”)**

Fixed Distribution Shares will declare and distribute a fixed rate or amount per annum (which will be pro-rated accordingly depending on the relevant distribution frequency as indicated above), regardless of the performance of the relevant Fund. Any costs and/or certain taxes are taken directly from the capital of such Shares. These Fixed Distribution Shares will be denoted by adding "Fixed" next to the Class (e.g. A Fixed Alnc). The rate or amount per annum is subject to periodic review and may be subject to change (upwards or downwards) if the Management Company deems it appropriate.

Fixed Distribution Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "General Risk Factors".

### **Capital Erosion Risk**

Dividends of Gross Income Shares will include all income generated by the relevant Shares, with any costs taken directly from the capital of such Share. Therefore, Gross Income Shares carry the risk of capital erosion where costs are higher than capital growth.

Dividends of Gross Stable Income Shares will distribute a stable rate or amount of income based on the projected level of annual investment income, with any costs taken directly from the capital of such Share. Therefore, Gross Stable Income Shares carry the risk of capital erosion where costs are higher than capital growth.

Fixed Distribution Shares will declare and distribute a fixed amount per annum. Where the costs taken are greater than the income generated by the Fund, these costs will be taken from the capital of such Share. Therefore, Fixed Distribution Shares carry the risk of capital erosion where costs are higher than income and capital growth combined.



Shares comparison				
Key features	Net	Gross	Gross Stable	Fixed
<b>Basis of distribution calculation</b>	Actual	Actual	An annual projection* (at smoothed rate in rate or monetary amount)	Fixed rate or amount* (pro-rata per distribution frequency)
<b>Total amount available to (or aim to) distribute</b>	An actual income generated less any costs	An actual income generated including any costs paid from capital	A consistent pre-determined income based on the projected annual rate of income including any costs paid from capital.	A fixed pre-determined total return that includes expected income generated and capital growth (investment capital gains) including any costs paid from capital.
<b>Does the total amount available for distribution fluctuate?</b>	Yes	Yes	No (deficit recouped from capital on hand)	No (deficit recouped from capital on hand)
<b>Denotation</b>	A MInc	A Gross MInc	A Gross Stable MInc	A Fixed AInc
<b>Are costs or certain taxes taken from capital?</b>	No	Yes (costs only)	Yes	Yes
<b>Does it distribute investment capital gains?</b>	No	No	No	Yes
<b>Does it distribute gains from non-base currency (hedges) movements?</b>	No	No	No	Yes
<b>Is there a risk of capital erosion?</b>	No	Yes	Yes	Yes
<b>When does risk of capital erosion arise?</b>	None	when costs exceed capital growth.	when costs exceed both income and capital growth generated. In that case, remaining costs will be recovered from capital which further erodes capital on hand.	when costs exceed both income and capital growth generated. In that case, remaining costs will be recovered from capital which further erodes capital on hand.



Expected rate of capital erosion (text)	None	The capital erosion is expected at higher rate compared to net distribution class.	The capital erosion is expected at higher rate compared to net distribution class.	The capital erosion is expected at higher rate compared to gross or stable distribution class.
<b>Hypothetical income scenario at \$100,000 capital assuming investment gains</b>	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment gains (4): \$2,000 Distribution amount (5): \$4,000 (=2-3) Capital on hand (6): \$102,000 (=1+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment gains (4): \$2,000 Distribution amount (5): \$5,000 (=2but fluctuates every month) Capital on hand (6): \$101,000 (=1-3+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment gains (4): \$2,000 Distribution amount (5): \$5,000 (=2 that remains stable at \$250 per month) Capital on hand (6): \$101,000 (=1-3+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment gains (4): \$2,000 Distribution amount (5): \$7,000 (=2+4) Capital on hand (6): \$99,000 (=1-3)
<b>Hypothetical income scenario at \$100,000 capital assuming investment losses</b>	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment losses (4): -\$2,000 Distribution amount (5): \$4,000 (=2-3) Capital on hand (6): \$98,000 (=1+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment losses (4): -\$2,000 Distribution amount (5): \$5,000 (=2 but fluctuates every month) Capital on hand (6): \$97,000 (=1-3+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment losses (4): -\$2,000 Distribution amount (5): \$5,000 (=2+3 that remains stable at \$250 per month) Capital on hand (6): \$97000 (=1-3+4)	Capital invested (1): \$100,000 Income earned (2): \$5,000 Expenses paid (3): \$1,000 Investment losses (4): -\$2,000 Distribution amount (5): \$3,000 (=2+4) Capital on hand (6): \$99,000 (=1-3)
<b>* at the discretion of aberdeen investments and subject to change based on market conditions</b>				



The below illustrates the investment gain scenario detailed in the above table.

