

**ABERDEEN FUND DISTRIBUTORS, LLC**

Financial Statements and Schedules

December 31, 2020

(With Report of Independent Registered Public Accounting Firm)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-67799

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Aberdeen Fund Distributors, LLC**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**1735 Market Street, 32 floor**

(No. and Street)

**Philadelphia**

**PA**

**19103**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mickey Janvier

215-405-2426

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**KPMG LLP**

(Name - if individual, state last, first, middle name)

**1610 Market Street**

**Philadelphia**

**PA**

**19103**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

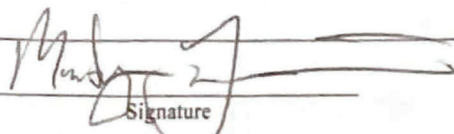
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Mickey Janvier, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Aberdeen Fund Distributors, LLC, as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Commonwealth of Pennsylvania - Notary Seal  
NICOLA ESPIE, Notary Public  
Philadelphia County  
My Commission Expires February 23, 2023  
Commission Number 1260779

  
Notary Public

  
Signature  
CEO, AFD  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Exemption Report

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## **ABERDEEN FUND DISTRIBUTORS, LLC**

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KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

## **Report of Independent Registered Public Accounting Firm**

To the Member and Board of Directors of Aberdeen Standard Investments Inc.  
Aberdeen Fund Distributors, LLC:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Aberdeen Fund Distributors, LLC (the Company) as of December 31, 2020, the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### *Accompanying Supplemental Information*

The supplemental information contained in Schedules 1 and 2 has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information contained in Schedules 1 and 2 is fairly stated, in all material respects, in relation to the financial statements as a whole.

**KPMG LLP**

We have served as the Company's auditor since 2017.

Philadelphia, Pennsylvania  
February 25, 2021

**ABERDEEN FUND DISTRIBUTORS, LLC**

Statement of Financial Condition

December 31, 2020

**Assets**

Cash	\$	3,632,100
Fee-related receivables from funds		400,983
Networking fee receivable		398,441
Receivables from Parent		12,900
Other receivables		2,651
Prepaid expenses		275,097
Total assets	\$	<u>4,722,172</u>

**Liabilities and Member's Equity**

Liabilities:

Sales commissions payable to external broker-dealers	\$	335,773
Networking fee payable		398,441
Accrued expenses		42,271
Payable to Parent and Affiliates		11,693
Total liabilities		<u>788,178</u>
Member's equity		<u>3,933,994</u>
Total liabilities and member's equity	\$	<u>4,722,172</u>

See accompanying notes to financial statements.

**ABERDEEN FUND DISTRIBUTORS, LLC**

Statement of Income

Year ended December 31, 2020

Revenue:

Distribution fees	\$ 4,513,206
Management fees from Parent	169,500
Commissions from Affiliates	12
Total revenue	<u>4,682,718</u>

Expenses:

Sales commissions to external broker-dealers	3,925,786
Financing agent fees	79,472
Licenses and fees	323,053
Professional fees	76,400
Other operating expenses	<u>12,404</u>
Total expenses	<u>4,417,115</u>
Net income	<u>\$ 265,603</u>

See accompanying notes to financial statements.

**ABERDEEN FUND DISTRIBUTORS, LLC**

Statement of Changes in Member's Equity

Year ended December 31, 2020

Balance, December 31, 2019	\$ 3,668,391
Net income	<u>265,603</u>
Balance, December 31, 2020	<u><u>\$ 3,933,994</u></u>

See accompanying notes to financial statements.



**ABERDEEN FUND DISTRIBUTORS, LLC**

Statement of Cash Flows

Year ended December 31, 2020

Cash flows from operating activities:

Net income	\$ 265,603
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in fee-related receivables from funds	11,026
Decrease in receivable from Parent and Affiliates	1,200
Increase in other receivables	(2,651)
Decrease in prepaid expenses	7,333
Decrease in sales commissions payable to external broker-dealers	(13,310)
Increase in accrued expenses	21,428
Decrease in payable to Parent and Affiliates	(12,323)
Net cash provided by operating activities	278,306

Cash at beginning of year	3,353,794
Cash at end of year	\$ 3,632,100

See accompanying notes to financial statements.

## **ABERDEEN FUND DISTRIBUTORS, LLC**

### **Notes to Financial Statements**

December 31, 2020

#### **(1) Organization**

##### ***Description of Business***

Aberdeen Fund Distributors, LLC (the Company) is organized under the laws of the state of Delaware and is a wholly owned subsidiary of Aberdeen Standard Investments Inc. (the Parent) and an indirect wholly owned subsidiary of Standard Life Aberdeen PLC (SLA PLC), a publicly traded company listed on the London Stock Exchange in the United Kingdom. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is also a member of the Financial Industry Regulation Authority, Inc. (FINRA) and the Securities Investor Protection Corporation (SIPC). The Company is registered to conduct business in all 50 states of the United States of America, as well as the District of Columbia, Puerto Rico, and the Virgin Islands. Conforming to and complying with the Investment Company Act of 1940, the Company is the principal underwriter providing distribution services to the Aberdeen Family of Mutual Funds (the Funds), which comprises 23 mutual funds. The Company acts as U.S. placement agent for private pooled investment vehicles (i.e., private placements) sponsored by a separate indirect wholly owned subsidiary of SLA PLC (Affiliate).

The Parent is the sole member of the Company, and for the period ended December 31, 2020, all of the Company's revenues were generated from activities with the Funds.

#### **(2) Summary of Significant Accounting Policies**

##### ***(a) Basis of Presentation and Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### ***(b) Cash and Cash Equivalents***

The Company considers any debt instruments purchased with a remaining maturity at purchase date of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2020. The Company considers all foreign currencies held as cash.

##### ***(c) Revenue Recognition***

Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are analyzed to determine whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the product or service before control is transferred to a customer. The Company has determined that they are the principal in their distributor agreements as they have primary responsibility of distributing the shares of the funds. Refer to note 4 for further discussion of the Company's revenue.

## **ABERDEEN FUND DISTRIBUTORS, LLC**

### **Notes to Financial Statements**

December 31, 2020

#### **(2) Summary of Significant Accounting Policies (continued)**

##### **(d) Sales Commissions to external broker-dealers**

The Company contracts with third parties for various fund distribution services of certain funds to be performed on its behalf. These arrangements are generally priced as a portion of the fee paid to the Company by the fund or as an agreed-upon percentage of net asset value. The Company presents its distribution fees incurred on a gross basis in the statement of income because it has primary responsibility for fulfilling the promise to provide the specified services. These commissions are expensed when incurred.

As of December 31, 2020, the Company owed \$335,773 to external broker-dealers related to sales commissions and is reflected on the statement of financial condition.

##### **(e) Networking Fee Receivable and Payable**

Intermediate third party distributors receive shareholder servicing fees and administrative services fees for services provided on behalf of the Funds. These fees are paid by the Funds and are remitted to the distributors directly. In the event the Funds did not remit these fees, the Company is liable to the distributors for the networking fee and would have a corresponding receivable from the Funds. The exposure to the distributors and from the Funds is shown as networking fees payable and receivable on the statement of financial condition.

##### **(f) Related Party Transactions**

The Company and the Parent have entered into a management agreement by which the Parent provides certain operations and administrative services to the Company. The Parent has agreed to absorb such costs until otherwise noted. These services include facilities, marketing, finance/accounting, legal, compliance, and general corporate oversight.

The Company owed the Parent and other affiliates \$11,693 as of December 31, 2020, of which \$9,711 related to financing agent fees owed to the Parent. The financing agent fees are fees incurred for the sale of certain share classes of the Funds. The Parent pays commissions to the external broker dealers and is reimbursed by the Company over the twelve month period after the trade date or when the Company receives a contingent deferred sales charge. These payables are offset by management fees receivable of \$12,900.

The Company receives management fees from the Parent in order to offset registered representative licensing costs. For the period, management fees for services provided by the Company and charged back to the Parent totaled \$169,500 and are reflected on the statement of operations.

##### **(g) Income Taxes**

The Company is a single-member limited liability company, and such, is disregarded for federal and state income tax purposes. All items of income and expense pass through to the Parent and are included in the Parent's income tax filings. The Company does not currently have an income tax sharing arrangement with the Parent. Accordingly, there is no income tax recorded by the company.

## ABERDEEN FUND DISTRIBUTORS, LLC

### Notes to Financial Statements

December 31, 2020

#### (3) Changes in accounting policies

The Company adopted the requirements of Accounting Standards Update (ASU) 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Accounting Standards Codification (ASC) 326)) (ASU 2016-13) and subsequent amendments ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (ASU 2019-04) and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments-Credit Losses (ASU 2019-11) on January 1, 2020. ASU 2016-13 and the related amendments are hereafter referred to as ASC 326. In accordance with ASC 326, the Company evaluated its receivable balances for credit risk based upon the source of revenue, its ability to collect fees directly from investment products, and a review of actual historical credit losses. The Company has no historical credit loss data or an expectation for future credit losses, and as such, no credit loss reserve was recognized by the Company through the implementation of ASC 326.

#### (4) Revenue

The Company enters into arrangements with the Funds to distribute shares to investors. The Company may receive distribution fees paid by the fund up front, on-going (e.g. 12b-1 fees), upon the investor's exit from the fund (that is, a contingent deferred sales charge or CDSC Fees), or as a combination thereof. The Company records sales commissions as distribution fee revenue for serving as the principal underwriter and/or distributor for the Funds. Fund distribution services represent a single performance obligation and are satisfied at the point in time when an investor makes an investment in a share class of the Funds. Accordingly, the Company recognizes the upfront fees on a trade date basis when the services are performed and the amount is known. However, the on-going 12b-1 Fee and CDSC distribution fees are based on net asset values either over the investment period or at the time of exit from the fund and represent variable consideration. These fees are constrained and excluded from revenue until such time that net asset values are known. Consequently, a portion of the on-going and CDSC distribution fees the Company recognized may be related to the services performed in prior periods that meet the recognition criteria in the current period.

The table below presents the Company's revenue for the year ended December 31, 2020 and disaggregates distribution fees by fee type.

#### *Revenue from Contracts with Customers*

	<u>2020</u>
12b-1 Fees	\$ 4,302,178
Dealer Commissions	147,469
Underwriter Fees	23,501
CDSC Fees	40,058
<u>Total Distribution Fees</u>	<u>\$ 4,513,206</u>

## **ABERDEEN FUND DISTRIBUTORS, LLC**

### **Notes to Financial Statements**

December 31, 2020

#### **(5) Concentration of Risk**

The majority of the Company's revenues are generated from activities with the Funds, managed by the Parent or its Affiliates. The revenues generated from the Funds are subject to volatility of capital flows and market performance.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash balances with a financial institution. At December 31, 2020, these balances are in excess of FDIC insurance of \$250,000 coverage limits. The Company's objective is to minimize the risk of financial loss through default of deposit holding financial institutions. The Company's cash exposure is managed centrally at the SLA PLC (Group) level. Counterparty credit limits are set by Group Treasury and cash exposures are managed within these limits. Group Treasury is responsible for monitoring the credit worthiness of all counterparties used across the group.

#### **(6) Net Capital**

The Company, as a registered broker-dealer in securities, is subject to the Securities Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). The Company has elected to use the Alternative Net Capital Standard based on Securities Exchange Commission Uniform Net Capital Rule (Rule 15c3-3). The rule requires that the Company maintain as its capital the greater of \$250,000 or 2% of aggregate debits used in computing its reserve requirement. As of December 31, 2020, the Company had net capital of \$2,968,096 and excess capital of \$2,718,096 over the \$ 250,000 minimum requirement.

#### **(7) Subsequent Events**

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through February 25, 2021, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures in and/or adjustments to the financial statements.

**Schedule 1****ABERDEEN FUND DISTRIBUTORS, LLC**

## Computation of Net Capital under Rule 15c3-1

As of December 31, 2020

Net capital:	
Total member's equity	\$ 3,933,994
Deductions and/or charges:	
Nonallowable assets:	
Fee-related receivables from funds	(279,460)
Networking fee receivable	(398,441)
Prepaid expenses	(275,097)
Intercompany receivables	(12,900)
Net capital	<u>\$ 2,968,096</u>
Debit balances:	
Computation of alternative net capital requirement	
2 % of aggregate debit items (or \$ 250,000, if greater)	<u>\$ 250,000</u>
Total net capital requirement	<u>\$ 250,000</u>
Excess net capital	<u>\$ 2,718,096</u>

The above computation does not materially differ from the computation of net capital under Rule 15c3-1 at December 31, 2020 filed on unaudited Form X-17A-5, Part IIA on January 27, 2021.

See accompanying report of independent registered public accounting firm.

**ABERDEEN FUND DISTRIBUTORS, LLC**

**Computation for Determination of the Reserve Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission and Information Relating to Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission**

As of December 31, 2020

The Company does not carry customer accounts and does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3. The Company is relying on footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to principal underwriter services providing distribution services and private placements on pooled investment vehicles.

See accompanying report of independent registered public accounting firm.





KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

## **Report of Independent Registered Public Accounting Firm**

To the Member and Board of Directors of Aberdeen Standard Investments Inc.  
Aberdeen Fund Distributors, LLC:

We have reviewed management's statements, included in the accompanying Aberdeen Fund Distributors, LLC Exemption Report (the Exemption Report), in which (1) Aberdeen Fund Distributors, LLC (the Company) did not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3 and (2) is filing the Exemption Report pursuant to footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to: principal underwriter services providing distribution services and private placements on pooled investment vehicles, and the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) (together, the exemption provisions). We have also reviewed management's statements, included in the Exemption Report, in which the Company stated that it met the identified exemption provisions throughout the year ended December 31, 2020. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, pursuant to footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5.

**KPMG LLP**

Philadelphia, Pennsylvania  
February 25, 2021

## ABERDEEN FUND DISTRIBUTORS, LLC

### Exemption Report

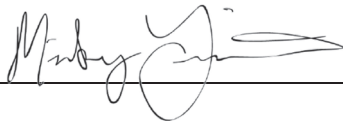
Aberdeen Fund Distributors, LLC (The Company) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, “Reports to be made by certain brokers and dealers”). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

1. The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and
2. The Company is filing its Exemption Report for the year ended December 31, 2020 relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5 because the Company limits its business activities exclusively to principal underwriter services providing distribution services and private placements on pooled investment vehicles, and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

Aberdeen Fund Distributors, LLC

I, Mickey Janvier, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By:



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Title: *Chief Executive Officer*

Dated: 2/25/2021