SMD-AM Funds
Société d'Investissement à Capital Variable
Registered Office: 80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 181.392
(the "**Company**")

NOTICE TO THE SHAREHOLDERS OF THE SUB-FUNDS
DSBI Japan Equity Small Cap Absolute Value
SMD-AM China A Shares Fund
SMD-AM Japan Mid Small Cap Value
SMD-AM Japan Equity High Conviction Fund
(each a "Sub-Fund", and collectively, the "Sub-Funds")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL FINANCIAL ADVICE.

The board of directors of the Company (the "**Board**") accepts full responsibility for the accuracy of the information contained in this document at the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

All capitalised terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Hong Kong Covering Document ("**HKCD**"), the prospectus of the Company (the "**Prospectus**") and the Product Key Facts Statements of the Sub-Funds (collectively, the "**Hong Kong Offering Document**").

Luxembourg, 2 July 2026

Dear Shareholder,

The Board would like to inform you of certain changes which will be made to the Company and its Sub-Funds.

A. <u>Changes relating to the sub-funds SMD-AM Japan Mid Small Cap Value and SMD-AM Japan Equity High Conviction Fund (the "Relevant Sub-Funds" for the purposes of this section)</u>

We would like to inform you of the following changes to the Relevant Sub-Funds from 16 July 2026 (the "**Effective Date**"):

- **<u>Change to the cut-off time for subscriptions and redemptions</u>**

The Relevant Sub-Funds currently have a cut-off time for subscriptions and redemptions of **4pm Central European Time (CET) on the Business Day prior to the relevant Dealing Date**. As from the

Effective Date, the cut-off time for subscriptions and redemptions will be **1pm CET on the applicable Dealing Date**.

This change will align the Relevant Sub-Funds with standard market practice.

In conjunction with the change to the global dealing cut-off time, the Hong Kong Dealing Cut-Off Time for the Relevant Sub-Funds will also be changed, from "4:00pm (Hong Kong time) on the Hong Kong Business Day prior to the relevant Dealing Date" to "4:00pm (Hong Kong time) on a Hong Kong Business Day which is also a Dealing Date".

- **Change to the settlement period for subscription and redemption prices**

As from the Effective Date and in conjunction with the above amendment, the settlement period for payment of the issue and redemption prices of the Relevant Sub-Funds will change from the current **two (2) Business Days** after the Valuation Date, to **three (3) Business Days** after the Valuation Date.

- **Introduction of a fair valuation pricing model**

To protect the Company and shareholders of the Relevant Sub-Funds from any possibility of anyone taking advantage of material market information between the Japanese equity market close and the new shareholder dealing cut-off time, the Board has decided to introduce a fair valuation pricing model ("**Fair Valuation Pricing Model**"), as from the Effective Date, to help adjust security prices in the event of large movements in global market prices.

The pricing provider will apply modelling techniques to allow them to price each underlying stock in the Relevant Sub-Funds' portfolios for specific points in the day after the market closure under the supervision of the Management Company.

The adjustment factor and fair valued price will be supplied to Brown Brothers Harriman (Luxembourg) S.C.A., the Depositary and Administrative Agent of the Company, to include in the Relevant Sub-Funds' respective net asset value calculation on a daily basis. This can be done either on every Dealing Day or on days where the Fair Valuation Pricing Model indicates that market movement threshold has been reached, for instance where the model indicates that the market has fluctuated materially between the Japanese market close and the dealing cut-off time.

The Fair Valuation Pricing Model is then monitored by the pricing provider and the Portfolio Manager for its accuracy and ability to eliminate arbitrage opportunities and the pricing provider will adjust as necessary to continually improve the model and report back to the Portfolio Manager to ensure they understand the impact of their service.

For the avoidance of doubt, these changes will not impact the delivery of Relevant Sub-Funds' prices or contract notes. The changes will also not impact the Relevant Sub-Funds' investment objectives or investment principles. For the avoidance of doubt, while there will be no material change or increase in the overall risk profile of the Relevant Sub-Funds following the changes, investors should be aware that there are risks that due to the timing difference of securities trading and valuation of subscription/redemption application, the net asset value of the Relevant Sub-Funds for existing shareholders may potentially be affected in case of large cash inflow or outflow.

The costs linked to the Fair Valuation Pricing Model will be borne by the Sub-Funds' investment manager.

B. <u>Other changes</u>

As mentioned in the notice sent to you on 17 March 2026, the Hong Kong Offering Document will also be revised to reflect other miscellaneous updates set out below:

- Updates to the list of Directors of the Company, the list of Directors of the Management Company and the list of Conducting Officers of the Management Company in the Prospectus;
- Update to name of the Auditor pursuant to its internal reorganisation;
- Update to the section "Determination of Net Asset Value" of the general part of the Prospectus to reflect that the value of all securities which are listed on an official stock exchange is determined on the basis of the last available prices or, where there have been material price movements of applicable derivative markets or other proxies since the market close, then the fair value price as determined in good faith and prudently pursuant to the procedures established by the Board of Directors;
- Updates to reflect that going forward, we will no longer issue specific notification of the availability of the financial reports. For the avoidance of doubt, you will continue to be able to obtain the financial reports in the same manner and within the same timeframe as specified in the Hong Kong Offering Document; and
- Correction of typographical errors and other miscellaneous updates.

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The Hong Kong Offering Document will be updated to reflect the changes described above, together with other miscellaneous updates. The latest Hong Kong Offering Document is available free of charge during normal working hours at the Hong Kong Representative's registered office at Suites 901 & 902, 9th Floor, Two Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong and on the Company's website (https://www.smd-am.hk/)[1].

Should you require further information, please contact the Management Company, your financial advisor or your local distributor. You may also contact the Hong Kong Representative at the address above or by phone at (852) 2521 8883.

Yours faithfully,

On behalf of the Board

[1] This website has not been reviewed by the SFC.