

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, 17th March 2026

Dear Shareholder,

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

Firstly, please find accompanying this letter a notice of an EGM and shareholder vote on the Articles of Association for the Company.

Secondly, and connected, we would like to inform you about changes to SMD-AM Japan Mid Small Cap Value and SMD-AM Japan Equity High Conviction Fund from 30th April 2026 (the "**Effective Date**"), as detailed in section A below.

Thirdly, please refer to section B for a list of other changes which will be made to the Company and the Sub-Funds in due course.

A. Changes to 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)

- **Change to the cut-off time for subscriptions and redemptions**

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 dealing date**. When this change comes into effect, the new cut-off time for subscriptions and redemptions will be **1pm CET** on the 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 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**

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

- **Appointment of a pricing agent service**

To protect the Relevant Sub-Funds and their shareholders from the possibility of anyone taking advantage of material market information between the Japanese equity market close and the new shareholder dealing cut-off time, the Directors have approved the appointment of S&P Markit by the Fund as **Valuation Agent** for the Relevant Sub-Funds.

The Valuation Agent will apply a Fair Valuation Pricing Model using 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 Valuation Agent then supplies an adjustment factor and fair valued price 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 Valuation Agent for its accuracy and ability to eliminate arbitrage opportunities and adjusted as necessary to continually improve the model and report back to the managers to ensure they understand the impact of their service.

The costs linked to the Valuation Agent will be charged to the Relevant Sub-Fund’s assets separately. These costs shall be calculated on a daily basis and be paid to the Valuation Agent. For the avoidance of doubt, the costs linked to the Valuation Agent fall under the administrative expenses as detailed in the “Other expenses” section of the Prospectus.

For the avoidance of doubt, these changes will not impact the delivery of Relevant Sub-Fund 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.

B. Other changes

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;
- Updates 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;
- Enhancements of disclosures to reflect that the Investment Manager may from time to time pay out of its fees, in its sole discretion but always in compliance with applicable laws and regulations, a portion of the fee payable to the Investment Manager as commission, retrocession, and or rebates;
- Enhancement of disclosures to reflect that the administrative expenses of the Company include payment to certain financial institutions for financial messaging services which aid the buying, selling and transferring of shares of Sub-Funds by investors;
- 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
- Other miscellaneous updates.

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.

¹ This website has not been reviewed by the SFC.

Yours faithfully,

On behalf of the Board