SUMITOMO MITSUI DS ASSET MANAGEMENT

# SMD-AM Funds

(the "**Company**")

---

# HONG KONG COVERING DOCUMENT ("HKCD")

---

## 1. INTRODUCTION

The Company is an investment company with variable capital, which was established in Luxembourg on 25 October 2013 in the form of a public limited liability company and has been authorised by the Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority of the financial sector as an undertaking for collective investment in transferable securities. The Company has also been authorised by the Securities and Futures Commission of Hong Kong ("**SFC**") pursuant to section 104 of the Securities and Futures Ordinance ("**SFO**") for sale to the public in Hong Kong. SFC authorisation is not a recommendation or endorsement of a product, nor does it guarantee the commercial merits of the product or its performance. It does not mean that the product is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors.

This HKCD forms part of and should be read in conjunction with the prospectus (the "**Prospectus**") and the Product Key Facts Statements of the relevant Sub-Funds of the Company (the "**KFS**"), which together form the offering document (collectively, the "**Hong Kong Offering Document**") for the purpose of marketing Shares of the relevant Sub-Funds in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**").

Shares in the Company are offered only on the basis of the information contained in the Hong Kong Offering Document, which is accompanied by a copy of the Company's most recent annual report and audited annual accounts and, if published thereafter, the Company's latest semi-annual report and unaudited semi-annual accounts.

Unless otherwise specified, defined terms used herein bear the meanings attributed to them in the Prospectus. References to the singular include the plural and vice versa.

Websites that are cited or referred to in the Hong Kong Offering Document have not been reviewed by the SFC and may contain information of funds not authorised by the SFC.

Notwithstanding any statement to the contrary contained in the Prospectus, both the English and Chinese versions of the Hong Kong Offering Document have the same authority and neither version shall prevail over the other.

Notwithstanding the references to the packaged retail and insurance-based products key information document (the "**PRIIPS KID**" or "**PRIIPS KIDs**") in the Prospectus, the PRIIPS KID or PRIIPS KIDs are not intended to be, and shall not in any event be interpreted as, an offering document of the Company and its Sub-Funds in Hong Kong and are not distributed to Hong Kong investors.

The Board of Directors of the Company accepts full responsibility for the accuracy of the information contained in the Hong Kong Offering Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

**Important: If you are in any doubt about the contents of this Hong Kong Offering Document, you should seek independent professional financial advice.**

## 2. THE SUB-FUNDS AND SHARE CLASSES THAT ARE AVAILABLE TO HONG KONG INVESTORS

**Warning :** In relation to the Sub-Funds as set out in the Prospectus, the table below sets out the Sub-Funds that are authorised by the SFC pursuant to section 104 of the SFO and hence may be offered to the public of Hong Kong (the "**Authorised Sub-Fund(s)**") and the relevant Share Classes available to Hong Kong investors:

| **Authorised Sub-Fund(s)** | **Available Share Classes** |
|---|---|
| 1. DSBI Japan Equity Small Cap Absolute Value | • Class A (JPY, EUR (Hedged), GBP (Hedged), USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged)) |
| 2. SMD-AM China A Shares Fund | • Class A (USD, EUR (Hedged), GBP (Hedged), USD-M) |
| 3. SMD-AM Japan Equity High Conviction Fund | • Class A (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged))<br>• Class A2 (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged)) |
| 4. SMD-AM Japan Mid Small Cap Value | • Class A (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged))<br>• Class A2 (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged) and HKD (Unhedged)) |

Class A and Class A2 are open to all investors other than institutional investors. Subject to the foregoing and other eligibility requirements as described in the Prospectus, all the available Share Classes as set out above are open to any Hong Kong investors. Other Share Classes as disclosed in the Prospectus may be offered to institutional investors in Hong Kong at the Company's discretion. The Company and the Management Company may however at their entire discretion refuse subscription request for a particular Share Class if its size has reached a certain limit at any time.

Each Share Class may carry various characteristics as further explained in the Appendix of the relevant Authorised Sub-Fund of the Prospectus (the "**relevant Appendix**"). Investors may confirm with the Hong Kong Representative or the authorised distributor(s) of the Authorised Sub-Fund(s) in Hong Kong (the "**Authorised Distributor(s)**") the specifics of the Share Classes that are currently available for subscription.

The SFC reserves the right to withdraw the authorisation of any Authorised Sub-Fund or impose such conditions as it considers appropriate.

Please note that the Prospectus is a global offering document. It therefore contains information on the following Sub-Funds which are not authorised by the SFC:

1. SMD-AM Ares ESG Enhanced Global High Yield Bond Fund

**No offer shall be made to the public of Hong Kong in respect of the aforementioned unauthorised funds. The issue of the Hong Kong Offering Document was authorised by the SFC only in relation to the offer of the abovementioned Authorised Sub-Fund(s) to the public of Hong Kong. Intermediaries and investors should take note of this restriction. SFC authorisation is not a recommendation or endorsement of a product, nor does it guarantee the commercial merits of the product or its performance. It does not mean that the product is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors.**

## 3. HONG KONG REPRESENTATIVE

The Hong Kong representative in respect of the Company and the Authorised Sub-Fund(s) is Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (the "**Hong Kong Representative**"), the registered office of which is situated at Suites 901 & 902, 9th Floor, Two Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The Hong Kong Representative is authorised to represent the Company in Hong Kong in relation to all matters involving Shareholders of the Authorised Sub-Fund(s).

The Hong Kong Representative is currently licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO with CE number BOT526. The Hong Kong Representative is a wholly-owned subsidiary of Sumitomo Mitsui DS Asset Management Company, Limited, one of the largest investment management companies in Japan which provides asset management, advisory, investment trusts and other services to financial institutions, pension funds, government agencies and retail investors worldwide.

## 4. ENQUIRIES AND COMPLAINTS

Investors may contact the Hong Kong Representative for any enquiries or complaints in relation to the Company at the Hong Kong Representative's registered office (details of which are set out in section 3 of this document) or by phone at (852) 2521 8883. Upon receipt of enquiries or complaints, a preliminary response will be provided in reasonable time.

## 5. DEALINGS IN THE AUTHORISED SUB-FUND(S)

For the avoidance of doubt, all applications for subscription, redemption and conversion of Shares shall be dealt with on an unknown Net Asset Value basis (i.e. they shall be received before the determination of the Net Asset Value per Share for that Dealing Date).

Issue of Shares

Applications for Shares may be made to the Hong Kong Representative or Authorised Distributor(s) by completing the prescribed application forms and returning the completed forms to the designated recipient by post, facsimile or electronic file transfer on each Business Day (as defined in the Prospectus being a day (other than a Saturday or Sunday or a legal holiday) on which commercial banks and foreign stock exchange markets simultaneously settle payments in Luxembourg, Tokyo and the United Kingdom, or as specified in the description of the relevant Appendix) where banks and securities and futures exchanges in Hong Kong are also simultaneously open for normal business (a "**Hong Kong Business Day**") provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks and securities and futures exchanges in Hong Kong are open on any day is reduced, such day shall not be a Hong Kong Business Day. If completed application forms are received by the Hong Kong

Representative or the Authorised Distributor(s) by the Hong Kong Subscription Cut-off Time (as defined below in respect of each Authorised Sub-Fund), such completed application forms will be forwarded to the Registrar and Transfer Agent in Luxembourg on the same day and Shares will normally be issued at the relevant Net Asset Value per Share on the relevant Valuation Date for such Dealing Date as specified in the relevant Appendix. The Hong Kong Subscription Cut-off Time for each Authorised Sub-Fund is as follows:

| **Authorised Sub-Fund(s)** | **Hong Kong Subscription Cut-off Time** |
|---|---|
| 1. DSBI Japan Equity Small Cap Absolute Value | No later than 4:00pm (Hong Kong time) on the Hong Kong Business Day prior to the relevant Dealing Date |
| 2. SMD-AM China A Shares Fund | |
| 3. SMD-AM Japan Equity High Conviction Fund | No later than 4:00pm (Hong Kong time) on a Hong Kong Business Day which is also a Dealing Date |
| 4. SMD-AM Japan Mid Small Cap Value | |

No issue of Shares shall be effected by the Company unless the subscription monies (in the reference currency of the relevant Share Class) for the relevant Shares, together with supporting anti-money laundering (AML) and know-your-client (KYC) documentation, have been received by the Registrar and the Transfer Agent in Luxembourg by the date and time as set out in the relevant Appendix.

Any application form received after the Hong Kong Subscription Cut-off Time will be forwarded to the Registrar and Transfer Agent in Luxembourg on the next Hong Kong Business Day for processing on the next Dealing Date subject to the reception of cleared subscription monies. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the subscription order.

Please note that the Authorised Distributor(s) may impose different or an earlier deadline than the Hong Kong Subscription Cut-off Time for receiving subscription applications, and investors should contact the relevant Authorised Distributor(s) for details.

**No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 (Dealing in Securities) regulated activity under Part V of the SFO or exempted therefrom.**

Redemption of Shares

Redemption requests may be made to the Hong Kong Representative or Authorised Distributor(s) by completing the prescribed application forms and returning the completed forms to the designated recipient by post, facsimile or electronic file transfer on each Hong Kong Business Day. If completed redemption requests, accompanied by the documents evidencing any transfer of Shares, are received by the Hong Kong Representative or the Authorised Distributor(s) no later than the Hong Kong Redemption Cut-off Time (as defined below in respect of each Authorised Sub-Fund), such requests will be forwarded to the Registrar and Transfer Agent in Luxembourg on the same day and will normally be executed at the relevant Net Asset Value per Share on the relevant Valuation Date for such Dealing Date as specified in the relevant Appendix, less a redemption charge (if any) as specified in relevant Appendix. The Hong Kong Redemption Cut-off Time for each Authorised Sub-Fund is as follows:

| Authorised Sub-Fund(s) | Hong Kong Redemption Cut-off Time |
|---|---|
| 1. DSBI Japan Equity Small Cap Absolute Value | No later than 4:00pm (Hong Kong time) on the latest Hong Kong Business Day which is at least five Business Days prior to the relevant Dealing Date |
| 2. SMD-AM China A Shares Fund | No later than 4:00pm (Hong Kong time) on the Hong Kong Business Day prior to the relevant Dealing Date |
| 3. SMD-AM Japan Equity High Conviction Fund | No later than 4:00pm (Hong Kong time) on a Hong Kong Business Day which is also a Dealing Date |
| 4. SMD-AM Japan Mid Small Cap Value | |

Any request received outside the Hong Kong Redemption Cut-off Time will be forwarded to the Registrar and Transfer Agent in Luxembourg on the next Hong Kong Business Day for processing on the next Dealing Date. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the redemption request.

Please note that the Authorised Distributor(s) may impose different or an earlier deadline than the Hong Kong Redemption Cut-off Time for receiving redemption requests, and investors should contact the relevant Authorised Distributor(s) for details.

The Registrar and Transfer Agent in Luxembourg reserves the right to delay the processing of a redemption request until receipt of satisfactory supporting AML and KYC documentation.

Redemption payments shall be paid in the currency of the relevant Share Class indicated in the relevant Appendix within such period after the relevant Dealing Date or after the date by which the documents evidencing any transfer of Shares have been received by the Company as shall be set forth in the description of the relevant Appendix.

For so long as an Authorised Sub-Fund is authorised by the SFC and in the absence of any suspension in dealings, redemption payments in relation to the Authorised Sub-Fund shall be paid no later than one calendar month after the receipt of all necessary documentation requested by, and to the satisfaction of, the Registrar and Transfer Agent in Luxembourg. However, if due to exceptional circumstances beyond the Management Company's control (for example, where the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within such period not practicable), then such payment shall be made as soon as reasonably practicable thereafter (if more than one calendar month, subject to applicable regulatory approvals, if any) but without interest. For the avoidance of doubt, if a redemption request of an Authorised Sub-Fund is suspended or deferred (for example, when dealings of the Authorised Sub-Fund are suspended as described in the "Suspension of Calculation of the Net Asset Value and Dealings" sub-section of the "5. DEALINGS IN THE AUTHORISED SUB-FUND(S)" section of this HKCD, or when the relevant redemption request is deferred as described in this "Redemption of Shares" section), the Registrar and Transfer Agent in Luxembourg may not be in a position to process a properly documented redemption request and therefore, shall not be considered to have received all necessary documentation requested by them and to their satisfaction in respect of the relevant redemption request, until the relevant

redemption request is no longer suspended or deferred (i.e. until the relevant redemption request is accepted and processed by the Registrar and Transfer Agent in Luxembourg). Shareholders should note that in this case, the interval between the submission of the relevant redemption request to the Registrar and Transfer Agent in Luxembourg and the payment of the redemption money to the relevant Shareholder may extend beyond one calendar month.

Notwithstanding any statement to the contrary contained in the Prospectus, for so long as an Authorised Sub-Fund is authorised by the SFC, if the Company receives requests on one Valuation Date for net redemptions (and conversions into another Authorised Sub-Fund) of more than 10% of the Net Asset Value of the relevant Authorised Sub-Fund, the Company reserves the right to postpone the complete redemption of Shares received on such Valuation Date, which exceed 10% of the Net Asset Value of the relevant Authorised Sub-Fund, until the next following Valuation Date. On such following Dealing Date such requests shall be complied with in priority to later requests. In addition, for so long as an Authorised Sub-Fund is authorised by the SFC, the Company shall exercise this power in consultation with the Depositary having regard to the best interests of Shareholders.

For so long as an Authorised Sub-Fund is authorised by the SFC, in the case when the Company may offer investors allocation of securities in lieu of the redemption payments, the prior consent of the relevant Shareholder will be obtained.

Unless otherwise specified in the relevant Appendix, there is no minimum holding requirement for any Share Class.

Conversion of Shares

In principle, any Shareholder may request the conversion of all or part of his Shares of any Authorised Sub-Fund into Shares of any other existing Authorised Sub-Fund, as detailed in the relevant Appendix. Conversions into other Share Classes are possible if so specified in the relevant Appendix, it being noted that any conversion into another Authorised Sub-Fund or Share Class may only take place provided all conditions for the holding of the new Authorised Sub-Fund or Share Class are fulfilled by the relevant Shareholder. Prior to converting any Shares, Shareholders should consult with their tax and financial advisers in relation to the legal, tax, financial or other consequences of converting such Shares.

Conversion applications may be made to the Hong Kong Representative or Authorised Distributor(s) by completing the prescribed application forms and returning the completed forms to the designated recipient by post, facsimile or electronic file transfer on each Hong Kong Business Day. If completed conversion applications are received by the Hong Kong Representative or the Authorised Distributor(s) no later than the Hong Kong Conversion Cut-off Time (as defined below in respect of each Authorised Sub-Fund), such applications will be forwarded to the Registrar and Transfer Agent in Luxembourg on the same day and Shares will normally be converted at the relevant Net Asset Value per Share on the relevant Valuation Date for such Dealing Date as specified in the relevant Appendix. The Hong Kong Conversion Cut-off Time for each Authorised Sub-Fund is as follows:

| **Authorised Sub-Fund(s)** | **Hong Kong Conversion Cut-off Time** |
|---|---|
| 1. DSBI Japan Equity Small Cap Absolute Value | No later than 4:00pm (Hong Kong time) on the latest Hong Kong Business Day which is at least five Business Days prior to a day that is a Dealing Date for both Authorised Sub-Funds concerned |

| | |
|---|---|
| 2. SMD-AM China A Shares Fund | No later than 4:00pm (Hong Kong time) on a Hong Kong Business Day prior to a day that is a Dealing Date for both Authorised Sub-Funds concerned |
| 3. SMD-AM Japan Equity High Conviction Fund | No later than 4:00pm (Hong Kong time) on a Hong Kong Business Day which is also a Dealing Date for both Authorised Sub-Funds concerned |
| 4. SMD-AM Japan Mid Small Cap Value | |

Any applications received after the Hong Kong Conversion Cut-off Time will be forwarded to the Registrar and Transfer Agent in Luxembourg on the next Hong Kong Business Day for processing on the next day that is a Dealing Date for both Authorised Sub-Funds concerned on the basis of the Net Asset Value per Share calculated on such Dealing Date. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the conversion request.

Please note that the Authorised Distributor(s) may impose different or an earlier deadline than the Hong Kong Conversion Cut-off Time for receiving conversion applications, and investors should contact the relevant Authorised Distributor(s) for details.

Publication of the Net Asset Value and Related Information

The Net Asset Value per Share in respect of each Authorised Sub-Fund is calculated and published on each Valuation Date as indicated in the relevant Appendix, on https://www.smd-am.hk/.

Suspension of Calculation of the Net Asset Value and Dealings

The circumstances under which the Company may temporarily suspend the calculation of the Net Asset Value and/or the sale, redemption and conversion of Shares in any Authorised Sub-Fund are set out in the "SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE" section of the Prospectus. For so long as an Authorised Sub-Fund is authorised by the SFC, the Company shall exercise this power in consultation with the Depositary having regard to the best interests of Shareholders.

As mentioned in the "SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE" section of the Prospectus, Shareholders having requested redemption or conversion of their Shares or having applied to the Company for the issue of Shares shall be notified in writing of any such suspension within seven (7) days of their request and shall be promptly notified of the termination of such suspension.

In addition to the requirement above, if the dealing in Shares and calculation of the Net Asset Value of one or more Share Classes of any Authorised Sub-Fund ceases or is suspended, immediate notice of such suspension will be given to the SFC and will be published immediately in Hong Kong following such decision to suspend is taken, on https://www.smd-am.hk/. In the case of a prolonged suspension, notice(s) will be published and/or prominent message(s) will be displayed on https://www.smd-am.hk/, or in such other appropriate manner at least once a month during the period of suspension.

## 6. DIVIDEND DISTRIBUTION POLICY

The Company may issue accumulation and/or distribution Share Classes in each Authorised Sub-Fund. The distribution policy of each Share Class is described in the relevant Appendix and Appendix VI of the Prospectus.

The Board of Directors may at its discretion pay dividends out of the capital or effectively out of capital (i.e. paying dividends out of gross income while charging / paying all or part of the relevant Authorised Sub-Fund(s)' fees and expenses to / out of the capital of the relevant Authorised Sub-Fund(s), resulting in an increase in distributable income for the payment of dividends by the relevant Authorised Sub-Fund(s) and therefore, the relevant Authorised Sub-Fund(s) may effectively pay dividends out of capital) of the following Share Class(es) of the relevant Authorised Sub-Fund(s):

| | |
|---|---|
| 1. SMD-AM China A Shares Fund | • Class A (USD-M) |

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Share. The Board of Directors will ensure that the Net Asset Value does not fall below the minimum capital of the Company when paying dividends.

The Company may amend the policy to pay dividends out of capital or effectively out of capital of the Authorised Sub-Fund(s) subject to the SFC's prior approval (where applicable), and not less than one month's prior notice will be provided to Shareholders.

## 7. MEETINGS AND REPORTS

Meetings

For so long as the Company and the Authorised Sub-Fund(s) are authorised by the SFC, for all general meetings of Shareholders at which an ordinary resolution is to be proposed, notices are sent to the registered Shareholders by post at least 14 days prior to the meeting; and for all general meetings of Shareholders at which a special resolution is to be proposed, notices are sent to the registered Shareholders by post at least 21 days prior to the meeting. Please refer to the "REPORTS AND SHAREHOLDERS' MEETINGS" section of the Prospectus for more details regarding the meeting of Shareholders of the Company.

Reports

Annual report and audited annual accounts (in English only) and subsequent semi-annual report and unaudited annual accounts (in English only) will be made available to Hong Kong Shareholders within the time period stipulated in the "REPORTS AND SHAREHOLDERS' MEETINGS" section of the Prospectus. All these reports will be made available electronically on the Company's website at https://www.smd-am.hk/, and the hardcopies of these reports will be available for inspection and collection at the registered office of the Hong Kong Representative during usual business hours.

## 8. ADDITIONAL SUPPLEMENTARY INFORMATION ON THE AUTHORISED SUB-FUND(S)

In addition to the information on each Authorised Sub-Fund as set out in the Prospectus, Hong Kong investors should take note of the additional supplementary information set out in this section.

Investor Profile

For each Authorised Sub-Fund, the relevant Appendix sets out which type of investors the Authorised Sub-Fund may typically appeal to. Hong Kong investors should note that such information is provided for reference only. Before making any investment decisions, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances, and investment objectives. If in doubt, investors should consult their stockbrokers, bank managers, solicitors, accountants, representative banks or other financial advisers.

Use of Financial Derivative Instruments

Each Authorised Sub-Fund's net derivative exposure calculated in accordance with the SFC's Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds may be up to 50% of the relevant Authorised Sub-Fund's Net Asset Value.

Investment Objective and Policy and Investment Restrictions

*DSBI Japan Equity Small Cap Absolute Value*

Objective

The Authorised Sub-Fund aims to maximise total return over the medium-to-long term by adopting a distinctive value-biased active investment style by looking for investment opportunities in undervalued, small-and-micro-cap companies with sustainable growth potential. Small-and-micro-cap companies in which the Authorised Sub-Fund may invest generally refer to companies whose market capitalization are comparable to the stocks contained in the Russell/Nomura Small Cap Index and typically forming the bottom 15% in terms of float-adjusted market capitalization in Japan. The Authorised Sub-Fund may have exposures in stocks which are not included in the Russell/Nomura Small Cap Index and/or have larger market capitalization.

The Authorised Sub-Fund is managed on an absolute/total return basis and not relative to any benchmarks, hence not looking to be managed on a relative return basis.

No assurance can be given that the investment objective of the Authorised Sub-Fund will be achieved.

Policy

The Authorised Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese small-and-micro-cap equity securities (i.e. equities issued by small-and-micro-cap companies which are established or have significant operations in Japan). The Authorised Sub-Fund will be unrestricted in its choice of companies by sector.

The Authorised Sub-Fund implements a distinctive value-biased active investment style by selecting stocks for inclusion in the Authorised Sub-Fund's portfolio based on price-earnings ratio and expected earnings per share, in order to look for undervalued, small-and-micro-cap companies with sustainable growth potential.

There is no minimum weighting of individual securities and shorting is not allowed, and the weight of individual securities will typically be up to 5% and subject to a maximum limit of 10% of the net asset of the Authorised Sub-Fund.

The remaining part of the portfolio (if any) can be invested in money market instruments for ancillary investment purposes. In addition, the Authorised Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight) for liquidity management purposes, however, the Authorised Sub-

Fund is typically managed on a fully invested basis with approximately 3% of the net assets of the Authorised Sub-Fund invested held in cash deposits at sight. Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Authorised Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and cash deposits at sight (such as cash held in current accounts).

For currency hedged Share Classes (i.e. Class A (EUR (Hedged), GBP (Hedged), USD (Hedged) and HKD (Hedged))) which are open to all investors other than institutional investors in Hong Kong), currency positions may be established to hedge foreign currency exposure in relation to the relevant Share Classes to minimise any fluctuations between the class currency and the base currency of the Authorised Sub-Fund. The costs and effects of any such hedging will be reflected in the net asset value and in the performance of the relevant Share Classes.

The Authorised Sub-Fund may use financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks.

The Authorised Sub-Fund is actively managed but uses the Russell/Nomura Small Cap Index with Dividend as a reference for performance comparison. The Authorised Sub-Fund does not aim to replicate or track the benchmark. The investments of the Authorised Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark.

*SMD-AM China A Shares Fund*

Objective

The Authorised Sub-Fund aims for long-term growth of its assets through investment in equity and equity related securities (e.g. American Depository Receipts ("**ADRs**"), Global Depository Receipts ("**GDRs**") and participatory notes ("**P-Notes**")) of companies incorporated in mainland China whose shares are predominantly listed and traded on China A Shares Equity Markets of the People's Republic of China ("**PRC**") (i.e. the stock exchanges of mainland China) and traded in Renminbi (RMB) ("**China A Shares**").

No assurance can be given that the investment objective of the Authorised Sub-Fund will be achieved.

Policy

The Authorised Sub-Fund will under normal market circumstances invest at least 70% of its net assets in China A Shares. The Authorised Sub-Fund may invest up to 100% of its net assets in China A Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (collectively, the "**Stock Connect**"), subject to applicable quota limitations which apply to both of these markets. The Authorised Sub-Fund may also invest less than 70% of its net assets in China A Shares through the Qualified Foreign Investor ("**QFI**") program. The Authorised Sub-Fund may also invest in China A Shares indirectly by way of access products (e.g. ADRs, GDRs and P-Notes) for up to 100% of its net assets, and by way of funds investing in China A Shares for up to 10% of its net assets.

The China A Shares targeted are issued by companies without restriction on market capitalisation or the sector they are operating in (except for tobacco, coal mining and coal power generation). The China A Shares targeted may also be listed on the ChiNext Board (generally no more than 10% of the Authorised Sub-Fund's net assets) and/or STAR Board (generally no more than 5% of the Authorised Sub-Fund's net assets).

The Authorised Sub-Fund is typically managed with the aim of being fully invested in China A Shares.

The Authorised Sub-Fund will use the bottom-up approach in stock selection, meaning that each stock will be selected for inclusion in the Authorised Sub-Fund's portfolio based on individual merits (including market valuation, dividend yield, profit growth and environmental, social and governance (ESG) evaluation).

The Authorised Sub-Fund may invest up to 10% of its net assets in units or shares of UCITS and/or other eligible UCIs.

The weight of individual securities is subject to a maximum limit of 10% of the net assets of the Authorised Sub-Fund.

The remaining part of the portfolio (if any) can be invested in money market instruments for ancillary investment purposes. In addition, the Authorised Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight) for liquidity management purposes. Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Authorised Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and cash deposits at sight (such as cash held in current accounts).

For currency hedged Share Classes (i.e. Class A (EUR (Hedged) and GBP (Hedged))) which are open to all investors other than institutional investors in Hong Kong), currency positions may be established to hedge foreign currency exposure in relation to the relevant Share Classes to minimise any fluctuations between the class currency and the base currency of the Authorised Sub-Fund. The costs and effects of any such hedging will be reflected in the net asset value and in the performance of the relevant Share Classes.

The Authorised Sub-Fund may invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks.

The Authorised Sub-Fund is actively managed but uses the MSCI China A Onshore Net Return Index USD as a benchmark for market (i.e. performance) comparison purposes. The Authorised Sub-Fund does not aim to replicate or track the benchmark, and the investments of the Authorised Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark.

*SMD-AM Japan Equity High Conviction Fund*

Objective

The Authorised Sub-Fund aims to maximise total return over the medium-to-long term by adopting a high conviction strategy, i.e. by focusing on fundamentals and concentrate investments on stocks that differ significantly between strategy's analysis and market expectations.

No assurance can be given that the investment objective of the Authorised Sub-Fund will be achieved.

Policy

The Authorised Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese equity securities (i.e. equities issued by companies which are established or have significant operations in Japan). The Authorised Sub-Fund will be unrestricted in its choice of companies by sector or by size (including micro-capitalisation, small-capitalisation, mid-capitalisation and large-capitalisation companies).

There is no minimum weighting of individual securities and shorting is not allowed, and the weight of a single issue will be subject to a maximum limit of 10% of the net assets of the Authorised Sub-Fund.

The number of holdings of the Authorised Sub-Fund is around 30.

The remaining part of the portfolio (if any) can be invested in money market instruments for ancillary investment purposes. In addition, the Authorised Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight) for liquidity management purposes. Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Authorised Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and cash deposits at sight (such as cash held in current accounts).

For currency hedged Share Classes (i.e. Class A (USD (Hedged) and HKD (Hedged))) and Class A2 (USD (Hedged) and HKD (Hedged))) which are open to all investors other than institutional investors in Hong Kong), currency positions may be established to hedge foreign currency exposure in relation to the relevant Share Classes to minimise any fluctuations between the class currency and the base currency of the Authorised Sub-Fund. The costs and effects of any such hedging will be reflected in the net asset value and in the performance of the relevant Share Classes.

The Authorised Sub-Fund may invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks.

The Authorised Sub-Fund is actively managed but uses the TOPIX Total Return Index as a reference for performance comparison. The Authorised Sub-Fund does not aim to replicate or track the benchmark, and the investments of the Authorised Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark. The Authorised Sub-Fund's target return is the benchmark + 5%. Investors should note that the target return is not guaranteed and there may be significant periods of time during which the performance of the Authorised Sub-Fund will deviate from the target return.

*SMD-AM Japan Mid Small Cap Value*

Objective

The Authorised Sub-Fund adopts an active strategy using a fundamental approach and investing in undervalued stocks of small and mid-cap companies in which the Sub-Portfolio Manager can expect medium term growth by narrowing down all listed companies based on financial criteria (price-to-book value ratio – return on equity (PBR-ROE) approach*[1]), while utilising artificial intelligence to identify stocks. Small and mid-cap companies in which the Authorised Sub-Fund may invest generally refer to all the companies listed on the stock exchanges in Japan except for those contained in the Russell/Nomura Top Cap Index and typically forming the bottom 50% in terms of float-adjusted market capitalization in Japan. The Authorised Sub-Fund may have exposures in stocks which have larger market capitalization. Artificial intelligence*[2] is only used as a tool for identifying stocks and is not involved in investment decision-making. Proactive recommendations are made to approximately 70% of portfolio companies and address business issues aiming to improve their corporate value, taking into account actions taken to address management issues and awareness of risks that may arise in management. Certain companies may not be able to comply with or follow proactive recommendations for reasons including but not limited to the size of their investment.

No assurance can be given that the investment objective of the Authorised Sub-Fund will be achieved.

*[1] price-to-book value ratio – return on equity (PBR-ROE) approach: PBR-ROE approach is used to select stocks on the basis of PBR and ROE. ROE is added because capital efficiency cannot be taken into account if a company is undervalued on the basis of PBR. This approach makes it possible to consider investments in companies that cannot be identified using the general value approach (undervalued judgments based on price earning ratio (PER) and PBR).

*[2] Use of artificial intelligence (AI): AI is used in the strategy, but only to support universe research. It complements the analysis after learning the characteristics of the Sub-Portfolio Manager's stock research from time to time[1] and calculates a score for the potential investments of the Authorised Sub-Fund accordingly. The AI was originally developed jointly by the National Institute of Informatics and the Sub-Portfolio Manager and is currently operated as an in-house system. The score calculated by the AI is only used as a reference in the very early stages of the investment when selecting the universe. The AI is not involved in any of the subsequent stock selection processes. The AI is only used for Japanese listed companies. The AI is a proprietary tool and no fees or other compensation are charged for its use.

Policy

The Authorised Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese equity securities of small and mid-cap companies (i.e. equities issued by small and mid-cap companies which are established or have significant operations in Japan). The Authorised Sub-Fund will be unrestricted in its choice of companies by sector.

The weight of a single issue will be subject to a maximum limit of 10% of the net assets of the Authorised Sub-Fund.

The remaining part of the portfolio (if any) can be invested in money market instruments for ancillary investment purposes.

In addition, the Authorised Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight) for liquidity management purposes. Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Authorised Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and cash deposits at sight (such as cash held in current accounts).

For currency hedged Share Classes (i.e. Class A (USD (Hedged) and HKD (Hedged)) and Class A2 (USD (Hedged) and HKD (Hedged))) which are open to all investors other than institutional investors in Hong Kong), currency positions may be established to hedge foreign currency exposure in relation to the relevant Share Classes to minimise any fluctuations between the class currency and the base currency of the Authorised Sub-Fund. The costs and effects of any such hedging will be reflected in the net asset value and in the performance of the relevant Share Classes.

The Authorised Sub-Fund may invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks.

The Authorised Sub-Fund is actively managed and uses “Russell/Nomura Mid-Small Cap Index” in JPY as a reference for performance comparison.

[1] Such as successful examples of “corporate change” which are extracted from a vast amount of corporate information.

The Authorised Sub-Fund's investment target is to exceed the benchmark by 3%. Investors should note that the target return is not guaranteed and there may be significant periods of time during which the performance of the Authorised Sub-Fund will deviate from the target return.

The Authorised Sub-Fund does not aim to replicate or track the benchmark, and the investments of the Authorised Sub-Fund may deviate significantly from the components of the benchmark and their respective weightings.

Additional Risk Disclosure

Before investing in the Company and any of the Authorised Sub-Fund(s), investors should review the risk factors as set out in the "RISK FACTORS" section of the Prospectus, the principal risks as specified for each Authorised Sub-Fund in the "Risks with effects on the price performance of the Sub-Fund" section of the relevant Appendix, as well as the additional risk disclosure set out below.

| **Additional risk factor** | **Relevant Authorised Fund(s)** |
|---|---|
| **General investment risk**<br><br>The relevant Authorised Sub-Fund(s)' investment portfolios may fall in value due to any of the risk factors and therefore your investment in the relevant Authorised Sub-Fund(s) may suffer losses. There is no guarantee of the repayment of principal. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Custodial risk**<br><br>Sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the relevant Authorised Sub-Fund(s) invest in markets where custodial and/or settlement systems are not fully developed, the assets of the relevant Authorised Sub-Fund(s) may be exposed to custodial risk. The relevant Authorised Sub-Fund(s) may be denied access, in whole or in part, to investments held in custody in the event of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the Depositary or sub-custodian. In such circumstances, the relevant Authorised Sub-Fund(s) may take a longer time or may even be unable to recover some of its assets (in extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title), which may lead to significant losses for the relevant Authorised Sub-Fund(s) and consequently adversely affect an investor's investment in the relevant Authorised Sub-Fund(s). | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |

| | |
|---|---|
| **Currency risk**<br><br>The relevant Authorised Sub-Fund(s) may invest in securities denominated in currencies other than the base currency of the relevant Authorised Sub-Fund(s). Also, where applicable, Share Classes may be designated in a currency other than the base currency of the relevant Authorised Sub-Fund(s). Therefore, the Net Asset Value of the relevant Authorised Sub-Fund(s) may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Equity market risk**<br><br>The market prices of equity securities may go up or down, sometimes rapidly or unpredictably. The value of these securities may decline for reasons that directly relate to the issuer and/or due to general industry or market, such as real or perceived adverse political and economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. Equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Risk associated with micro-capitalisation / small-capitalisation / mid-capitalisation companies**<br><br>The stock of micro-capitalisation / small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Concentration risk**<br><br>The relevant Authorised Sub-Fund(s) that invest their assets in a small number of countries, or in a particular geographic region or regions, or in a particular industry sector or industry sectors, or in a particular type or types of instruments, will be more susceptible to adverse market, currency, economic, political, policy, environmental, foreign exchange, liquidity, tax, legal or regulatory conditions and developments in the countries or | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |

| | |
|---|---|
| regions or sectors in which the relevant Authorised Sub-Fund(s) invest, and consequently their performance may be more volatile than the performance of a more geographically- and/or sectorally-diversified fund. | |
| **Risks relating to hedging and the hedged Share Classes**<br><br>Hedges are sometimes subject to imperfect matching between the hedging transaction and the risk sought to be hedged. There can be no assurance that any currency hedging strategy employed by the relevant Authorised Sub-Fund(s) will fully and effectively eliminate the currency exposure of the relevant Authorised Sub-Fund(s). As the purpose of hedging strategies is to try to reduce or eliminate losses caused by exchange rate fluctuations, they may preclude investors from benefiting from an increase in the value of the base currency of the relevant Authorised Sub-Fund(s).<br><br>Any expenses arising from such hedging transactions will be borne by the relevant Authorised Sub-Fund(s) or the relevant currency hedged Share Class. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Risks associated with usage of financial derivative instruments ("FDIs")**<br><br>Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the relevant Authorised Sub-Fund(s). Exposure to FDIs may lead to a high risk of significant loss by the relevant Authorised Sub-Fund(s).<br><br>There can be no assurance that the use of FDIs for hedging purposes will fully and effectively eliminate the risk exposure of the relevant Authorised Sub-Fund(s). The use of FDIs and hedging strategies may be ineffective and the relevant Authorised Sub-Fund(s) may suffer substantial losses. | • DSBI Japan Equity Small Cap Absolute Value<br>• SMD-AM China A Shares Fund<br>• SMD-AM Japan Equity High Conviction Fund<br>• SMD-AM Japan Mid Small Cap Value |
| **Risks associated with distribution out of/effectively out of the relevant Authorised** | • SMD-AM China A Shares Fund |

| | |
|---|---|
| **Sub-Fund(s)' capital**<br><br>Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Share. | |
| **Risks of investing in other collective investment schemes/funds**<br><br>The underlying collective investment schemes/funds in which the relevant Authorised Sub-Fund(s) may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes/funds. There is also no guarantee that the underlying collective investment schemes/funds will always have sufficient liquidity to meet the relevant Authorised Sub-Fund(s)' redemption requests as and when made. | • SMD-AM China A Shares Fund |
| **Mainland China market risk**<br><br>Investing in the mainland China market may involve a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, settlement, custody, legal, regulatory, accounting and reporting risks. Generally, there is greater market volatility, lower trading volume, more governmental control of currency conversion and future movements in exchange rate than those typically found in developed markets. | • SMD-AM China A Shares Fund |
| **Risks relating to China A-Shares**<br><br>The relevant Authorised Sub-Fund(s)' assets may be invested in China A Shares. The securities market in China, including China A Shares, may be more volatile, unstable (for example, due to the risk of suspension/limitation in trading of a particular stock or government implementing policies that may affect the financial markets) than markets in more developed countries and has potential settlement difficulties. This may result in significant fluctuations in the prices of securities traded in such market and thereby affecting the | • SMD-AM China A Shares Fund |

| | |
|---|---|
| prices of shares of the relevant Authorised Sub-Fund(s). | |
| **RMB currency and conversion risks**<br><br>RMB is currently not freely convertible and is subject to exchange controls and restrictions.<br><br>The relevant Authorised Sub-Fund(s) are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the relevant Authorised Sub-Fund(s)' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the relevant Authorised Sub-Fund(s).<br><br>Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.<br><br>Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. | • SMD-AM China A Shares Fund |
| **Risks associated with the Stock Connect**<br><br>The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect are subject to quota limitations. Where a suspension in the trading through the programme is effected, the relevant Authorised Sub-Fund(s)' ability to invest in China A Shares or access the PRC market through the programme will be adversely affected. In such event, the relevant Authorised Sub-Fund(s)' ability to achieve their investment objective could be negatively affected. | • SMD-AM China A Shares Fund |
| **Risks associated with investment made through the QFI regime**<br><br>The relevant Authorised Sub-Fund(s)' ability to make the relevant investments or to fully implement or pursue their investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change | • SMD-AM China A Shares Fund |

| | |
|---|---|
| and such change may have potential retrospective effect.<br><br>The relevant Authorised Sub-Fund(s) may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the relevant Authorised Sub-Fund(s) may be prohibited from trading of relevant securities and repatriation of the relevant Authorised Sub-Fund(s)' monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities). | |
| **PRC tax risk**<br><br>There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via QFI status or the Stock Connect or access products on the relevant Authorised Sub-Fund(s)' investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the relevant Authorised Sub-Fund(s) may adversely affect the relevant Authorised Sub-Fund(s)' value.<br><br>Based on professional and independent tax advice, the relevant Authorised Sub-Fund(s) will not make any tax provisions on realised and/or unrealised capital gains and/or dividends on China A Shares. | • SMD-AM China A Shares Fund |
| **Risks associated with ChiNext market and/or the STAR Board**<br><br>In addition to the risks set out under the heading "Risks Associated with the Investment in Stocks Listed on the ChiNext Board of SZSE and/or the Science and Technology Innovation Board ("STAR Board") of the SSE" in the "Risks pertaining to China Investment" section of Appendix IV of the Prospectus, the following additional risks apply:<br><br>Concentration risk (Applicable to STAR Board):<br>STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and | • SMD-AM China A Shares Fund |

| | |
|---|---|
| subject the relevant Authorised Sub-Fund(s) to higher concentration risk<br><br>Investments in the ChiNext market and/or STAR Board may result in significant losses for the relevant Authorised Sub-Fund(s) and their investor. | |
| **Risk associated with the high conviction strategy**<br><br>The high conviction strategy may not achieve the desired results under all circumstances and market conditions. | • SMD-AM Japan Equity High Conviction Fund |
| **Risk of specific investment strategy**<br><br>*Risk associated with PBR-ROE approach*<br><br>The PBR-ROE approach may not achieve the desired results under all circumstances and market conditions.<br><br>*Risks of using AI scores as part of the investment process*<br><br>The AI learns the characteristics and habits of the Sub-Portfolio Manager's stock research, and AI scoring is used to reduce the time spent on research by the Sub-Portfolio Manager. Therefore, there is a risk that the Sub-Portfolio Manager's characteristics and habits may not be reflected in the scores. In the event of such AI deficiencies, the Sub-Portfolio Manager would have to perform all research on its own without the help of AI, increasing the time spent by the Sub-Portfolio Manager on research and leading to a significant deterioration in research efficiency.<br><br>To manage this risk, verification can only be carried out by the Sub-Portfolio Manager and the Sub-Portfolio Manager carries out verification from time to time. Updates will be made from time to time to reflect the Sub-Portfolio Manager's characteristics and practices. | • SMD-AM Japan Mid Small Cap Value |

## 9. VALUATION AND CALCULATION OF NET ASSET VALUE

For so long as an Authorised Sub-Fund is authorised by the SFC, the Board of Directors may value investments at their fair realisation value determined in good faith and prudently pursuant to the procedures

established by the Board of Directors in consultation with the Depositary if it determines that all securities or other assets for which the valuation in accordance with the "Valuation of Investments" sub-section of the "DETERMINATION OF NET ASSET VALUE" section of the Prospectus would not be possible or practicable, or would not be representative of their fair realisation value.

Unless otherwise specified in the Prospectus, for so long as an Authorised Sub-Fund is authorised by the SFC, the Company shall exercise the power under the "SWING PRICING" section of the Prospectus in consultation with the Depositary having regard to the best interests of Shareholders.

## 10. FEES AND CHARGES

Fees payable by investors in respect of each Share Class of an Authorised Sub-Fund are as follows:

| **Authorised Sub-Fund(s)** | **Share Class** | **Subscription charge (% of the gross subscription amount)** | **Front-end load (% of the gross subscription amount)*** | **Redemption charge (% of the gross redemption amount)** | **Conversion charge (% of the net asset value of the class you wish to convert from)** |
|---|---|---|---|---|---|
| DSBI Japan Equity Small Cap Absolute Value | Class A (JPY, EUR (Hedged), GBP (Hedged), USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged)) | Nil | Up to 5.0% | Nil | Nil |
| SMD-AM China A Shares Fund | Class A (USD, EUR (Hedged), GBP (Hedged), USD-M) | Nil | Up to 5.0% | Nil | Nil |
| SMD-AM Japan Equity High Conviction Fund | Class A (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged))<br><br>Class A2 (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged)) | Nil | Up to 5.0% | Nil | Nil |
| SMD-AM Japan Mid Small Cap Value | Class A (JPY, USD (Hedged), USD (Unhedged), | Nil | Up to 5.0% | Nil | Nil |

| | | | | | |
|---|---|---|---|---|---|
| | HKD (Hedged), HKD (Unhedged))<br><br>Class A2 (JPY, USD (Hedged), USD (Unhedged), HKD (Hedged), HKD (Unhedged)) | | | | |

* Investors should note that the front-end load represents additional fees in respect of subscriptions for Shares payable to distributors through whom the investor invests. Investors should consult the relevant distributor on the amount of fees which will be charged.

Details of the fees and charges payable out of the assets of the Authorised Sub-Fund(s) are set out in the "CHARGES OF THE COMPANY" section of the Prospectus and the fund description in the relevant Appendix.

For the avoidance of doubt, in addition to the annual fee rates for the Depositary and Paying Agency Fee and the Registrar and Transfer and Administrative Agency Fee as stated in the relevant Appendix, the Authorised Sub-Fund(s) will be charged a fee based on the transaction amount of the relevant Authorised Sub-Fund(s), and hence depending on the transaction amount of the relevant Authorised Sub-Fund(s), these fees can also be higher.

For so long as the Company and the Authorised Sub-Fund(s) are authorised by the SFC and to the extent required by the SFC, Shareholders will be given not less than one month's prior notice, or such other notice period as approved by the SFC, of any increase in the stated current maximum fees.

Notwithstanding any statement to the contrary contained in the Prospectus, for so long as the Company and the Authorised Sub-Fund(s) are authorised by the SFC, expenses arising out of any advertising or promotional activities in connection with the Company and the Authorised Sub-Fund(s) shall not be paid from the Company's or the Authorised Sub-Fund(s)' assets.

Furthermore, notwithstanding any statement to the contrary contained in the Prospectus, for so long as the Company and the Authorised Sub-Fund(s) are authorised by the SFC, commissions payable to sales agent arising out of any dealing in shares of the Company and the Authorised Sub-Fund(s) will not be paid out of the Company's or the Authorised Sub-Fund(s)' assets.

## 11. LIQUIDITY RISK MANAGEMENT

The Portfolio Manager (together with the Management Company) has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of each Authorised Sub-Fund and to ensure that the liquidity profile of the investments of each Authorised Sub-Fund will facilitate compliance with the Authorised Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Portfolio Manager, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The Portfolio Manager's liquidity policy takes into account the investment strategy; the liquidity profile; the redemption policy; the dealing frequency; the ability to enforce redemption limitations and the fair

valuation policies of the relevant Authorised Sub-Fund. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by the relevant Authorised Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the "Redemption of Shares" sub-section of the "DEALINGS IN THE AUTHORISED SUB-FUND(S)" section of this HKCD, and will facilitate compliance with each Authorised Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Portfolio Manager to manage the liquidity risk of each Authorised Sub-Fund under normal and exceptional market conditions.

The following tools may be employed to manage liquidity risks:

- if the Company receives requests on one Valuation Date for net redemptions (and conversions into another Authorised Sub-Fund) of more than 10% of the Net Asset Value of the relevant Authorised Sub-Fund, the Company reserves the right to postpone the complete redemption of Shares received on such Valuation Date, which exceed 10% of the Net Asset Value of the relevant Authorised Sub-Fund, until the next following Valuation Date (subject to the conditions under the "Redemption of Shares" sub-section of the "DEALINGS IN THE AUTHORISED SUB-FUND(S)" section of this HKCD and the "REDEMPTION OF SHARES BY THE COMPANY" section of the Prospectus);

- subject to the restrictions in the "GENERAL INVESTMENT PRINCIPLES AND RESTRICTIONS" section of the Prospectus, the Company may borrow in respect of an Authorised Sub-Fund to meet redemption requests;

- on any Valuation Date the difference between subscriptions and redemptions (represented in a percentage of an Authorised Sub-Fund's Net Asset Value), exceeds a threshold set by the Board of Directors from time to time for the relevant Authorised Sub-Fund, the Net Asset Value of the Authorised Sub-Fund will be adjusted up or down by an amount subject to the conditions under the "VALUATION AND CALCULATION OF NET ASSET VALUE" section of this HKCD and the "SWING PRICING" section of the Prospectus; and

- the Company may suspend redemption under exceptional circumstances as set out under the "Suspension of Calculation of the Net Asset Value and Dealings" sub-section of the "DEALINGS IN THE AUTHORISED SUB-FUND(S)" section of this HKCD and the "SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE" section of the Prospectus. During such period of suspension, Shareholders would not be able to redeem their investments in the relevant Authorised Sub-Fund.

Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risk.

## 12. CONFLICTS OF INTEREST

This section summarises the procedures to be followed and measures to be taken in order to manage conflicts of interest arising in relation to the Management Company and the Authorised Sub-Fund(s).

The Management Company acts as management company to the Company. The Management Company intends to take all reasonable steps to avoid conflicts of interest and, where such conflicts cannot be avoided, to identify, manage and monitor, and where applicable, disclose, those conflicts of interest in

order to prevent them from adversely affecting the interests of the Authorised Sub-Fund(s) and their investors and to ensure that they are fairly treated.

The Management Company ensures that procedures and measures (appropriate to the size and activities of the Management Company) are in place so that relevant persons engaged in different business activities that could involve conflicts of interest carry out these activities at an independent level. More specifically, the valuation process, as well as, the compliance and audit functions are independent from the portfolio management activities. In addition, the risk function is independent from the operating units and functionally and hierarchically separate from the tasks of portfolio management.

The Management Company shall aim to identify conflicts of interest that arise in the course of managing the Authorised Sub-Fund(s) between:

(a) the Management Company, including its managers, employees or any other person directly or indirectly linked to the Management Company by control, and an Authorised Sub-Fund or the investors in such Authorised Sub-Fund;

(b) an Authorised Sub-Fund or the investors in the Authorised Sub-Fund and another Authorised Sub-Fund or the investors in this other Authorised Sub-Fund; and

(c) an Authorised Sub-Fund or the investors in the Authorised Sub-Fund, and any other fund managed by the Management Company or the investors in that fund.

## 13. SOFT COMMISSIONS AND TRANSACTIONS WITH CONNECTED PERSONS

Subject to the restrictions and requirements applicable from time to time, the Management Company, the Portfolio Manager, the Sub-Portfolio Manager or any of their respective Connected Persons may deal with any Authorised Sub-Fund as principal provided that dealings are effected on best available terms negotiated and executed at arm's length basis and in the best interests of the Shareholders. Any transactions between an Authorised Sub-Fund and the Management Company, the Portfolio Manager, the Sub-Portfolio Manager, the Directors of the Company or any of their Connected Persons as principal may only be made with the prior written consent of the Depositary. All such transactions must be disclosed in the Company's annual report. In transacting with brokers or dealers connected to the Management Company, the Portfolio Manager, the Sub-Portfolio Manager, the Directors of the Company, the Depositary or any of their respective Connected Persons, the Management Company must ensure that:

(a) such transactions are on arm's length terms;

(b) it uses due care in the selection of such brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) it monitors such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Company and/or the relevant Authorised Sub-Fund.

If cash forming part of the Authorised Sub-Fund's assets is deposited with the Depositary, the Management Company, the Portfolio Manager, the Sub-Portfolio Manager or any of their respective Connected Persons (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the Shareholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business.

Borrowing may be effected in respect of the Authorised Sub-Fund from any person (including, if a banker, the Depositary, the Management Company, the Portfolio Manager, the Sub-Portfolio Manager or any Connected Person of any of them) provided that the rate of interest on that borrowing and any fee or premium payable to such banker in relation to the arrangement or termination of the borrowing are not higher than such banker would, in accordance with its normal banking practice, charge on an arm's length transaction for a loan of a similar size, nature and duration in circumstances similar to those then prevailing in relation to the relevant Authorised Sub-Fund.

For so long as the Company and the Authorised Sub-Fund(s) are authorized by the SFC, neither the Management Company, the Portfolio Manager, the Sub-Portfolio Manager nor any of their Connected Persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Authorised Sub-Fund(s) to such brokers or dealers, save that goods and services (soft commissions) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the Authorised Sub-Fund(s). Details of any such commissions and soft commission policies and practices of the Management Company, the Portfolio Manager and/or the Sub-Portfolio Manager, including a description of the goods and services received by the Management Company, the Portfolio Manager and/or the Sub-Portfolio Manager and their Connected Persons will be disclosed in the annual and semi-annual reports of the Company and/or the Authorised Sub-Fund(s).

Soft commissions in the form of the provision of goods or services by brokers or dealers are permitted if (a) such goods or services are of demonstrable benefit to the Shareholders, (b) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates, and (c) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Management Company or any person acting on behalf of the Authorised Sub-Fund(s) or the Management Company may not obtain a rebate on any fees or charges levied by an underlying fund invested by the Authorised Sub-Fund(s) or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the purposes of this section, "Connected Person" in relation to a company means:-

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above.

## 14. TAXATION

Hong Kong tax

For so long as the Company and the Authorised Sub-Fund(s) maintain their authorisation with the SFC under section 104 of the SFO, profits of the Company and such Authorised Sub-Fund(s) are exempt from Hong Kong profits tax.

During such period as the Company and the Authorised Sub-Fund(s) are authorised by the SFC pursuant to section 104 of the SFO, Shareholders resident in Hong Kong generally will not be subject to any Hong Kong tax on distributions paid by the Company or capital gains realised on the sale, redemption or other disposal of any Shares. However, Hong Kong profits tax may arise where such transactions are or form part of a trade, profession or business carried on in Hong Kong by Shareholders. Furthermore, no Hong Kong stamp duty will be payable on the issue of registered shares of the Company outside of Hong Kong as well as the redemption or transfer or exchange of shares as the register of the Company is maintained outside Hong Kong.

The above information relating to taxation is based on the enacted laws and current practice of Hong Kong. It is not meant to be (and should not be viewed as) a replacement for specific legal advice. It is not meant to be comprehensive and is subject to change. Prospective investors should therefore consult their own professional advisers as to the implications of buying, holding or disposing of shares and to the provision of the laws of the jurisdiction in which they are subject to tax.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FI**") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FI, and to file such information with the Hong Kong Inland Revenue Department ("**IRD**") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement; however, FI may further collect information relating to residents of other jurisdictions.

By investing in the Authorised Sub-Fund(s) through FI in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with the AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such shareholders that are not natural persons) may be communicated by the IRD to authorities in other jurisdictions.

Each Shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of the AEOI on its current or proposed investment in the Authorised Sub-Fund(s) through FI in Hong Kong.

Taxation in the PRC

a) Corporate Income Tax ("**CIT**")

Based on professional and independent tax advice, under current PRC tax laws, regulations and implementation rules, if an Authorised Sub-Fund is considered as a tax resident enterprise of the PRC, it should be subject to CIT of 25% on its worldwide taxable income. If it is considered as a non-tax resident enterprise with a permanent establishment ("**PE**") in the PRC, the profits and gains attributable to that PE should also be subject to CIT of 25%. If an Authorised Sub-Fund is a non-PRC tax resident without a PE in the PRC, the income from dividend and capital gains derived from investment in China A Shares would in general be subject to withholding income tax ("**WHT**") of 10% in the PRC unless exempt or reduced under the PRC tax laws and regulations or relevant tax treaties. WHT on dividends will be withheld by China A Share issuers upon distribution of dividends.

According to Caishui [2014] No.79 ("**Circular 79**"), Caishui [2014] No.81 ("**Circular 81**") and Caishui [2016] No.127 ("**Circular 127**"), capital gains derived from the trading of China A Shares through QFIs and Stock Connect are temporarily exempt from WHT of 10%. It remains uncertain when and whether the current WHT exemption policy will be terminated by the PRC tax authorities and if this happens, capital gains from transactions after implementation of the new policy would be subject to WHT of 10%.

b) Value-added Tax ("**VAT**")

Dividend income or profit distributions on equity investment derived from the PRC is not subject to VAT. Under Caishui [2016] No.36 ("**Circular 36**") and Caishui [2016] No.70 ("**Circular 70**"), VAT at 6% shall be levied on the difference between the selling and buying prices of marketable securities starting from 1 May 2016 but it is specified that capital gains derived by QFIs from the trading of marketable securities (i.e., China A Shares) are exempt from VAT. The same VAT exemption treatment is applicable to capital gains derived from the trading of China A Shares via Stock Connect according to Circular 36 and Circular 127.

Surtaxes including urban maintenance and construction tax, educational surcharge and local educational surcharge that are imposed based on the VAT liabilities would not be applicable if the transactions are exempt from VAT.

c) Stamp duty

PRC stamp duty ("**SD**") is payable at a rate of 0.05% of the sales consideration, which is imposed on the seller only, and securities registration and clearing institutions should withhold the SD.

Investors should note that an Authorised Sub-Fund may indirectly bear PRC taxes levied on, or borne by, such schemes and instruments invested in by an Authorised Sub-Fund as a result of its indirect exposure to China A Shares.

The above summary of PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Shares. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Shares both under the laws and practice of PRC and the laws and practice of their respective jurisdictions having regard to their own tax profiles.

US Foreign Account Tax Compliance Act ("**FATCA**")

The Company intends to and will endeavour to meet the obligations imposed on it under FATCA as set out in the "US-Persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)" sub-section in the "IMPORTANT INFORMATION" section of the Prospectus. In the unlikely event that the Company is unable to do so, the imposition of any withholding tax may result in material losses to the relevant Authorised Sub-Fund(s) which have a significant exposure to US-source income.

Besides, the Company may compulsorily redeem and/or withhold any payment to Shareholders in certain circumstances, for example, where such Shareholders fail to provide the information and documents required pursuant to FATCA or are non-FATCA compliant financial institutions, provided that the Company has acted in good faith and on reasonable grounds and as permitted by applicable laws and regulations.

The Company qualifies as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code.

Each Shareholder and prospective investor should consult their own tax advisor regarding the potential impact of FATCA on their investment in the Shares of the Company and the Authorised Sub-Fund(s).

## 15. SHAREHOLDER NOTICE

In general, notice required to be given to Shareholders under this HKCD, the Prospectus or the Articles of Association will be disseminated by e-mail, although such notices may also be disseminated by post from time to time. For specific details of the dissemination arrangement, please check with the Hong Kong Representative or the Authorised Distributor(s).

Shareholders receiving notices and documents by e-mail are reminded to save or print a copy of the relevant notice or document for future reference if necessary.

## 16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection free of charge during usual business hours at the registered office of the Hong Kong Representative:-

(a) the Articles of Incorporation;
(b) the Management Company Agreement;
(c) the Portfolio Management Agreement(s);
(d) the Sub-Portfolio Management Agreement(s);
(e) the Depositary and Paying Agency Agreement;
(f) the Transfer- Registrar, Domiciliary and Corporate Agent Agreement;
(g) the Hong Kong Representative Agreement;
(h) the Hong Kong Offering Document; and
(i) the Company's most recent annual report and audited annual accounts (in English only) or semi-annual report and unaudited semi-annual accounts (in English only).

The Hong Kong Offering Document, notices and the most recent financial reports of the Company will also be made available electronically on the Company's website at https://www.smd-am.hk/.

**Dated: October 2026**

# SMD-AM Funds

*Société d'Investissement à Capital Variable*

Registered office: 80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

**PROSPECTUS**

## October 2026

## IMPORTANT INFORMATION

SMD-AM Funds (the "**Company**" or the "**Fund**") has the structure of an umbrella fund and offers various classes of shares (the "**Share Classes**") each relating to a separate portfolio (the "**Sub-Funds**") as specified in the description of the relevant Sub-Fund in the Appendix.

The distribution of this Prospectus is not authorised unless accompanied by the packaged retail and insurance-based investment products key information document (the "**PRIIPS KID**" or "**PRIIPS KIDs**"), the latest available annual report and accounts of the Company and the latest semi-annual report if published thereafter.

No person is authorised to give any information or to make any representation other than those contained in this Prospectus, and any subscription and / or purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in this Prospectus shall be solely at the risk of the subscriber / purchaser.

Subscriptions can only be accepted if they are based on the Prospectus or on the PRIIPS KID. No information other than that contained in this Prospectus or in the PRIIPS KID may be given.

Distribution of this Prospectus and the offering of the shares of the Company (the "**Shares**") may be subject to restrictions in certain jurisdictions. This Prospectus does not constitute an offer for sale or an invitation to purchase in a jurisdiction in which such an offer or invitation is not permitted, or in which the offer would be directed at persons to whom distributing such an offer or invitation would be prohibited by law.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein, subject to the approval of the *Commission de Surveillance du Secteur Financier* (the "**CSSF**").

All decisions to subscribe or purchase Shares are deemed to be made solely on the basis of the information contained in this Prospectus and the PRIIPS KID accompanied by the latest available annual report of the Company containing its audited accounts, and by the latest available semi-annual report, if published thereafter. All other information given or representations made by any person must be regarded as unauthorised.

The Company reserves the right to reject, at their sole discretion, any subscription request for Shares and to accept any application in part only. The Company and the Management Company do not permit practices related to market timing and late trading. The Company reserves the right to reject subscription and conversion orders from investors that the Company or the Management Company suspect of using such practices and to take the appropriate measures to protect other investors of the Company.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not authorised to do so or to anyone to whom it is unlawful to make such offer or solicitation.

### US-Persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

The Company is not registered under the United States Investment Company Act of 1940, as amended, or any similar or analogous regulatory scheme enacted by any other jurisdiction except as described herein. In addition, the Shares are not registered under the United States Securities Act of 1933, as amended, or under any similar or analogous provision of law enacted by any other jurisdiction except as described herein. None of the Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Shares or the accuracy or adequacy of the Prospectus. Therefore, Shares must not be offered, sold, transferred or delivered in the United States of America, its territories or possessions, or to, or for the account of US persons (in the context of the definitions for the purposes of US federal laws on securities, goods and taxes, including Regulation S

in relation to the United States Securities Act of 1933 and the Foreign Account Tax Compliance Act (FATCA) enacted as part of the Hiring Incentive to Restore Employment Act; together "**US-Persons**"), except in a transaction which does not violate the applicable legislation. Any documents related to the Company must not be circulated in the United States of America.

The Articles of Incorporation give powers to the Board of Directors to impose such restrictions as it, in its discretion, may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by or on behalf of any person, firm or corporate entity, determined in the sole discretion of the Board of Directors as being not entitled to subscribe for or hold shares in the Company or, as the case may be, in a specific Sub-Fund or Class of Shares, (i) if in the opinion of the Board of Directors such holding may be detrimental to the Company, (ii) if it may result in a breach of any law or regulation, whether Luxembourg or foreign, (iii) if as a result thereof the Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred or (iv) if such person would not comply with the eligibility criteria of a given Class of Shares (each individually, a "**Prohibited Person**").

Furthermore, the Board of Directors have decided that the shares of the Company shall not be offered or sold, directly or indirectly, to any ultimate beneficial owner that constitutes a US Person.

“US Person” means, with respect to any person, any individual or entity that would be: (i) a “United States Person” as defined under Regulation S promulgated under the 11/55079206_4 5 U.S. Securities Act of 1933; (ii) a person or entity that is not a “Non-United States Person” as defined under the regulations of the CFTC (17 CFR § 4.7(a)(1)(iv)), as amended; a “U.S. person” under the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations published by the CFTC on July 26, 2013; or (iii) a "United States person" under the U.S. Internal Revenue Code.

On 28 March 2014, the Grand Duchy of Luxembourg entered into an Intergovernmental Agreement with the United States of America (hereinafter referred to as "**IGA Luxembourg-USA**") on the implementation of FATCA in Luxembourg. The IGA Luxembourg-USA was implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "**FATCA-Law**"). According to the FATCA-Law, Luxembourg Financial Institutions may be required to collect and report information about financial accounts held directly or indirectly by Specified US Persons to the Luxembourg tax authorities which will exchange that information on an automatic basis with the US tax authorities, the Internal Revenue Service (IRS).

According to the current national Luxembourg FATCA legislation, the Company is qualified as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, Shares must not be directly or indirectly offered, sold, transferred or delivered to:

- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,

- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg USA, and

- Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.

The Company reserves the right to request a written representation from investors stating their compliance with the above restrictions prior to accepting subscription requests. The Company reserves the right to refuse any subscription request for Shares if it would result from the information provided by a potential investor that it would not meet the eligibility criteria mentioned above.

In Luxembourg, the Common Reporting Standard (CRS) was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**"). According to the CRS Law, the Company is qualified as a Financial Institution and is obliged to collect and report to the Luxembourg tax authorities certain information about financial accounts held by certain shareholders of the Company (the "**Shareholders**" and individually the "**Shareholder**") that are

fiscally resident in a country with which Luxembourg has a tax information sharing agreement. The Luxembourg tax authorities will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis if such account is deemed a CRS reportable account under the CRS Law.

Each Shareholder agrees to provide the Company with a self-certification form for purposes of FATCA and CRS and, if applicable, other information or documentation relating to or establishing such Shareholder's identity, jurisdiction of residence (or formation) and FATCA and CRS status. The Shareholder has to undertake to advise the Company promptly and provide an updated self-certification form within thirty (30) days where any change in circumstances occurs which causes any of the information contained in the form to be inaccurate or incomplete.

The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated in the data protection section of this Prospectus in compliance with Luxembourg data protection law.

In the event the Company is required either to pay a withholding tax, or is forced to comply with reporting duties, or if it suffers any other damages, due to a Shareholder's non-compliance under FATCA or CRS, the Company reserves the right to claim damages from such Shareholder, without prejudice to any other rights.

**DAC6**

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("**DAC6**"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "**DAC6 Law**").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the "**Reportable Arrangements**").

In the case of a Reportable Arrangement, the information that must be reported includes *inter-alia* the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "intermediaries"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

Intermediaries (or the case maybe, the taxpayer) may be required to report a Reportable Arrangement as soon as 30 January 2021.

The information reported will be automatically exchanged between the tax authorities of all Member States. In light of the broad scope of the DAC6 Law, transactions carried out by the Company may fall within the scope of the DAC6 Law and thus be reportable.

**SUSTAINABLE FINANCE DISCLOSURE REGULATION AND TAXONOMY REGULATION**

All Sub-Funds of the Company are managed taking environmental, social, and governance ("**ESG**") factors into account as the Portfolio Manager considers that ESG issues can influence investment risk and return. Unless otherwise specified in a Sub-Fund's appendix, the Sub-Funds do not promote environmental or social characteristics or have specific sustainable investment objectives. This means that whilst ESG risks and factors are considered, they may or may not impact the portfolio construction and investment decisions of the different investment teams.

The Portfolio Manager integrates material sustainability risks into its investment decision-making process in order to enhance its ability to manage risk more comprehensively and generate sustainable, long-term returns for investors.

The integration is conducted through one or more of the following methods:

1) Negative screening

The Portfolio Manager may exclude companies restricted by investment guidelines or companies which the Portfolio Manager considers ineligible.

2) Engagement activities

The Portfolio Manager may consider the need for engagement with ESG theme for each investee company, and may conduct engagement activity if necessary.

3) Consideration of sustainability

The Portfolio Manager may evaluate sustainability as one of important factors in investment decisions.

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

The sustainability risks to which Sub-Funds may be subject may have an impact on the value of the Sub-Funds' investments over the medium to long term.

The investments underlying the Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

**LIST OF SFDR ARTICLE 6 AND 8 SUB-FUNDS**

Currently, the Sub-Funds of the Company are categorised as follows under the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088), as amended ("**SFDR**").

Article 6 Sub-Funds (sustainability risks integrated):

- DSBI Japan Equity Small Cap Absolute Value
- SMD-AM Japan Mid Small Cap Value

Article 8 Sub-Funds (promotion of environmental and/or social characteristics):

- SMD-AM Japan Equity High Conviction Fund;
- SMD-AM China A Shares Fund; and
- SMD-AM Ares ESG Enhanced Global High Yield Bond Fund

**CONTENTS**

**IMPORTANT INFORMATION** ..... 2

**GENERAL PART** ..... 8

**INTRODUCTION** ..... 8

**THE COMPANY** ..... 12

**THE MANAGEMENT COMPANY** ..... 12

**THE PORTFOLIO MANAGER** ..... 13

**INVESTMENT ADVISER** ..... 13

**THE DEPOSITARY** ..... 14

**THE ADMINISTRATIVE, REGISTRAR AND TRANSFER, PAYING AND CORPORATE AGENT** ..... 16

**THE DOMICILIARY AGENT** ..... 16

**THE INDEPENDENT AUDITOR** ..... 16

**INVESTOR PROFILE** ..... 16

**GENERAL INVESTMENT OBJECTIVES AND POLICY** ..... 16

**GENERAL INVESTMENT PRINCIPLES AND RESTRICTIONS** ..... 16

**EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES** ..... 21

**RISK MANAGEMENT PROCEDURE** ..... 26

**RISK FACTORS** ..... 27

**DETERMINATION OF NET ASSET VALUE** ..... 31

**ISSUE OF SHARES BY THE COMPANY** ..... 33

**HEDGED SHARE CLASSES** ..... 34

**SHAREHOLDER CONFIRMATIONS** ..... 35

**REDEMPTION OF SHARES BY THE COMPANY** ..... 35

**CONVERSION OF SHARES** ..... 36

**SWING PRICING** ..... 38

**SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE** ..... 38

**RESTRICTIONS ON OWNERSHIP OF SHARES** ..... 39

**DIVIDENDS** ..... 40

**CREATION OF ADDITIONAL SUB-FUNDS AND SHARE CLASSES** ..... 40

**LIQUIDATION, COMPULSORY REDEMPTION AND MERGERS** ..... 40

**TAX CONSIDERATIONS** ..... 43

**CHARGES OF THE COMPANY** ..... 44

**REPORTS AND SHAREHOLDERS' MEETINGS** ..... 46

**APPLICABLE LAW, JURISDICTION** ..... 46

**GENERAL INFORMATION** ..... 46

**APPENDIX I** ..... 48

**APPENDIX II** ..... 52

**APPENDIX III** ..... 57

**APPENDIX IV** ..... 65

**APPENDIX V** ..... 72

**APPENDIX VI – Currently launched Share Classes** ..... 77

**APPENDIX VII – SFDR related information** ..... 84

SMD-AM Japan Equity High Conviction Fund ..... 85

SMD-AM China A Shares Fund ..... 92

SMD-AM Ares ESG Enhanced Global High Yield Bond Fund ..... 100

# GENERAL PART

## INTRODUCTION

### The Company

SMD-AM Funds is an investment company with variable capital (*société d'investissement à capital variable,* "**SICAV**"), established for an unlimited period of time on 25 October 2013 in the form of a public limited company (*société anonyme*, S.A.) under Luxembourg law in accordance with the provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "**1915 Law**") and Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the "**2010 Law**"). The Company qualifies as an undertaking for collective investment in transferable securities under article 1(2) of the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended (the "**UCITS Directive**") and may therefore be offered for sale in any EU Member State, subject to registration.

The registration of the Company does not constitute a warranty by any supervisory authority as to the performance or the quality of the Shares issued by the Company. Any representation to the contrary is unauthorised and unlawful.

This Prospectus consists of a general part (the "**General Part**"), containing all provisions which are applicable to all Sub-Funds and appendices ("**Appendices**"), describing the Sub-Funds and containing any provisions applicable to them. The Prospectus contains the Appendices for all Sub-Funds, and is available for inspection at the registered office of the Company. Prospectuses containing only one or several Sub-Fund Appendices may be prepared. The Prospectus may be amended or supplemented from time to time. In that case, the investors will be informed accordingly.

Each Sub-Fund may offer one or several Share Classes for each Sub-Fund, each with different minimum subscription, dividend policies, fee structures or other characteristics and which may be denominated in various currencies. A separate net asset value per share (the "**Net Asset Value**") shall be calculated for each issued Share Class in relation to each Sub-Fund. Some of these Sub-Funds or Share Classes may however not be available to all investors. The Company retains the right to offer only one or more Share Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason. The Company may further reserve one or more Sub-Funds or Share Classes respectively to institutional investors only. The different features of each Share Class and various conditions and restrictions on ownership of Shares are described in the relevant Sub-Fund Appendix. The capital of the Company consists of Shares of no par value and is at any time equal to the total net assets of the Company. The Company is structured as an umbrella fund with the ability to provide investors with investment opportunities in a variety of Sub-Funds.

The liabilities of each Sub-Fund shall be segregated on a Sub-Fund by Sub-Fund basis with third party creditors having recourse only to the assets of the Sub-Fund concerned.

In addition a PRIIPS KID is made available at latest on the launch date of each relevant Share Class. By subscribing for new Shares, the investors confirm having received the PRIIPS KID.

The mechanism for the calculation of the Issue Price per Share, plus the imposition of a subscription charge (if any), is set out in each case in the description of the relevant Appendix.

Any Shareholder may request the redemption of all or some of his Shares by the Company on each dealing date (the "**Dealing Date**"), being the valuation date (the "**Valuation Date**") on which a Shareholder may subscribe, redeem or convert Shares as specified in the description of the relevant Appendix and, subject to certain guidelines (detailed in the section entitled "*Redemption of Shares by the Company*"), the Company is obliged to redeem the Shares. The redemption price of such Shares (the "**Redemption Price**") shall be equal to the Net Asset Value per Share less a redemption charge (if any) as specified in the relevant Sub-Fund Appendix.

The articles of incorporation of the Company (the "**Articles of Incorporation**") contain certain provisions granting to the board of directors of the Company (the "**Board of Directors**") the power to impose restrictions on the holding and acquisition of Shares (see section entitled "*Restrictions on Ownership of Shares*"). If a person subsequently becomes the owner of Shares in a situation described in the Articles of Incorporation and if such fact comes to the attention of the Company, the Shares owned by that person may be compulsorily redeemed by the Company.

Prospective subscribers/purchasers of Shares must themselves obtain all necessary information as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## THE COMPANY

SMD-AM Funds
80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

## DIRECTORS OF THE COMPANY

Takuma Matsunaga
Chairman
Director
(General Manager, Product Management Department at Sumitomo Mitsui DS Asset Management Company, Limited)

Hiroaki Kato
Director
(CEO at Sumitomo Mitsui DS Asset Management (UK) Limited)

John Cutler
Director
(Head of Legal, Compliance, Risk at Sumitomo Mitsui DS Asset Management (UK) Limited)

Eric Chinchon
Director
(Managing Partner at ME Business Solutions, Luxembourg)

Paul de Quant
Director
(Associate of the Directors' Office, Luxembourg)

## MANAGEMENT COMPANY

Vistra Fund Management S.A.
16, rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Virginia Strelen
Director

Jan Vanhoutte
Director

Caterina Juer
Director

## CONDUCTING OFFICERS OF THE MANAGEMENT COMPANY

Tim Kiefer
Antonino Borgesano
Isabelle Erpeldinger
Francesco Pieretto
Alejandra Gonzales

**DEPOSITARY, PAYING AGENT, TRANSFER AND REGISTRAR AGENT, DOMICILIARY, CORPORATE AGENT AND ADMINISTRATIVE AGENT**

Brown Brothers Harriman
(Luxembourg) S.C.A.
80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

**PORTFOLIO MANAGER**

Sumitomo Mitsui DS Asset Management (UK) Limited
100 Liverpool Street
London EC2M 2AT
United Kingdom

**DISTRIBUTOR**

For non-European Economic Area countries:
Sumitomo Mitsui DS Asset Management (UK) Limited
100 Liverpool Street
London EC2M 2AT
United Kingdom

For European Economic Area countries:
AHP Capital Management GmbH
Weißfrauenstraße 12 – 16
60311 Frankfurt am Main
Germany

**SUB-PORTFOLIO MANAGERS**

For
DSBI Japan Equity Small Cap Absolute Value,
SMD-AM Japan Equity High Conviction Fund,
SMD-AM China A Shares Fund and
SMD-AM Japan Mid Small Cap Value:
Sumitomo Mitsui DS Asset Management Company, Limited
26th Floor, Toranomon Hills Business Tower
1-17-1, Toranomon Minato-ku
Tokyo, 105-6426
Japan

For SMD-AM Ares ESG Enhanced Global High Yield Bond Fund:
Ares Capital Management II LLC
1800 Avenue of the Stars, Suite 1400, Los Angeles, CA 90067-4733
United States of America

**AUDITOR**

PricewaterhouseCoopers Assurance, *Société coopérative*
2 rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg

**LEGAL ADVISER**

Elvinger Hoss Prussen
*société anonyme*
2, place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg

## THE COMPANY

The Company was established in Luxembourg on 25 October 2013, in the form of a public limited liability company (*société anonyme*) and is registered at the Luxembourg *Registre de Commerce et des Sociétés* (the "**Register**") under number B 181392. The Articles of Incorporation have been published in the *Mémorial C, Recueil des sociétés et associations* (the "**Mémorial**") on 13 November 2013. The Articles of Incorporation were last amended with effect from 19 April 2022 at an extraordinary general meeting held on the same day. The minutes of this meeting were published in the *Recueil Electronique des Sociétés et Associations* ("**RESA**") on 4 May 2022.

The minimum share capital of the Company is the equivalent of EUR 1,250,000.

The Company has its registered office at 80, route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg. For further information on the list of countries where the Company and the Share Classes are registered please visit https://www.smd-am.co.uk.

The Company has adopted the status of an investment company with variable capital and qualifies as a collective investment undertaking under Part I of the 2010 Law.

The Company was established for an unlimited period of time. Its financial year closes on 31 March of each year.

## THE MANAGEMENT COMPANY

The Company is managed by Vistra Fund Management S.A., a management company authorised pursuant to Chapter 15 of the 2010 Law and as alternative investment fund manager pursuant to Chapter 2 of the Luxembourg law of 12 July 2013 on alternative investment fund managers as amended (the "**Management Company**").

Vistra Fund Management S.A., a public limited liability company (*société anonyme*) subject to the laws of the Grand Duchy of Luxembourg was established on 18 December 2015 in Luxembourg for an unlimited period of time. It has its registered office at 16, rue Eugène Ruppert L-2453 Luxembourg, Grand Duchy of Luxembourg and is registered at the Register under number B202832.

The Management Company's articles of incorporation have been filed with the Register and were published in the *Mémorial* on 30 December 2016.

The names and sales documentation for all of the funds managed by the Management Company are available at the Company's registered office.

Furthermore, the Management Company can obtain advice from one or more investment advisers and/or may appoint one or more portfolio managers that receive a fee from the assets of the Company in return.

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that:

- are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Fund or with its Articles of Incorporation;

- are in line with the business strategy, objective values and interests of the Management Company and which do not interfere with the obligation of the Management Company to act in the best interests of the Fund;

- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks; and

- appropriately balance fixed and variable components of total remuneration.

The remuneration policy established by the Management Company is in line with ESMA Guidelines (ESMA/2016/411) on sound remuneration policies under UCITS Directive and AIFMD, in a way deemed appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

While the Management Company does not maintain a local remuneration committee given its size and size of funds it manages, it has a remuneration committee at group level responsible for assessing, overseeing and reviewing the remuneration principles applicable within the group, and none of whose the members are involved in portfolio management or risk management functions.

The compliance officer of the Management Company regularly assesses adherence of the remuneration policy with the requirements of applicable laws and regulations, and at least on an annual basis.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available at https://www.vistra.com/sites/default/files/2026-04/VFM%20-%20Remuneration%20Policy%202025.pdf. A paper copy is available free of charge upon request at the Management Company's registered office.

## THE PORTFOLIO MANAGER

The Management Company may appoint different portfolio managers (each, a "**Portfolio Manager**") for one or several Sub-Funds as shall be indicated in the relevant Sub-Fund Appendix. Each Portfolio Manager will, subject to the overall responsibility and control of the Management Company, make investment decisions and take responsibility for the day-to-day discretionary management of the assets of the relevant Sub-Funds.

A description of each Portfolio Manager is set forth in the relevant Appendix of each Sub-Fund. Upon new appointment or removal of a Portfolio Manager, notice will be given to the investors concerned and the Prospectus will be updated accordingly.

Pursuant to the portfolio management agreements (the "**Portfolio Management Agreements**"), each Portfolio Manager, in accordance with the investment objective and policies of the relevant Sub-Fund adopted by the Company, manages the investment and reinvestment of the assets of such Sub-Fund and is responsible for placing orders for the purchase and sale of investments with brokers, dealers and counterparties selected by it at its discretion.

Under the Portfolio Management Agreements, each of the Portfolio Managers is entitled to receive a management fee calculated and payable as set out in the Appendix of the relevant Sub-Fund. A performance fee (the "**Performance Fee**") may also become payable on the terms set out in the description of the Sub-Fund in the relevant Appendix.

## INVESTMENT ADVISER

The Management Company may appoint different investment advisers (each an "**Investment Adviser**") for one or several Sub-Funds as shall be indicated in the relevant Sub-Fund Appendix.

A Portfolio Manager may also appoint one or several Investment Advisers at its own cost and under its own responsibility, supervision, diligence and care.

The Investment Adviser (if any) monitors the security markets and analyses the composition of securities portfolios and other investment of Sub-Fund's assets. The Investment Adviser provides the Management Company/Portfolio Manager with investment recommendations taking into account the principles of the investment policy and investment limits described in the relevant Sub-Fund Appendix. However, the responsibility for all investment decisions remains with the Management Company/Portfolio Manager. The remuneration of the Investment Adviser is paid from the respective Sub-Fund's assets.

## THE DEPOSITARY

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed as the depositary of the assets of the Company (the "**Depositary**") pursuant to the terms of a depositary agreement, as amended from time to time (the "**Depositary Agreement**"). Brown Brothers Harriman (Luxembourg) S.C.A. is registered with the Register under number B 29923 and has been incorporated under the laws of Luxembourg on 9 February 1989. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial sector, as amended. Brown Brothers Harriman (Luxembourg) S.C.A. is a bank organised as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg and maintains its registered office at 80, route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg.

The Depositary shall assume its functions and responsibilities as a fund depositary in accordance with the provisions of Depositary Agreement and the 2010 Law, as amended pursuant to Directive 2014/91/EU of 23 July 2014 and the Commission delegated regulation 2016/438 of 17 December 2015 regarding (i) the safekeeping of financial instruments of the Company to be held in custody and the supervision of other assets of the Company that are not held or capable of being held in custody, (ii) the monitoring of the Company's cash flow and the following oversight duties:

i. ensuring that the sale, issue, repurchase, redemption and cancellation of the Shares are carried out in accordance with the Articles of Incorporation and applicable Luxembourg law, rules and regulations;

ii. ensuring that the value of the Shares is calculated in accordance with the Articles of Incorporation and the Luxembourg law;

iii. ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;

iv. ensuring that the Company's income is applied in accordance with the applicable Luxembourg law and the Articles of Incorporation; and

v. carrying out the instructions of the Management Company or the Company, unless they conflict with the applicable Luxembourg law, the Articles and the Prospectus.

The Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations.

The Depositary has policies and procedures governing the management of conflicts of interests. These policies and procedures address conflicts of interests that may arise through the provision of services to UCITS. The Depositary's policies require that all material conflicts of interests involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or prevented, as appropriate. In the event a conflict of interest may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclosing conflicts of interest to the Company and to, shareholders (ii) managing and monitoring such conflicts.

The Depositary ensures that employees are informed, trained and advised of conflict of interests policies and procedures and that duties and responsibilities are segregated appropriately to prevent conflict of interests issues.

Compliance with conflicts of interests policies and procedures is supervised and monitored by the board of managers acting as general partner of the Depositary and by the Depositary's authorized management, as well as the Depositary's compliance, internal audit and risk management functions.

The Depositary shall take all reasonable steps to identify and mitigate potential conflicts of interests. This includes implementing its conflict of interests policies that are appropriate for the scale, complexity and nature of its business. This policy identifies the circumstances that give rise or may give rise to a conflict of interests and includes the procedures to be followed and measures to be adopted in order to manage conflicts of interests. A conflict of interests register is maintained and monitored by the Depositary.

The Depositary has implemented appropriate segregation of activities between the depositary and the administration/ registrar and transfer agency services, including escalation processes and governance. In addition, the depositary function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

The Depositary may, subject to certain conditions, delegate to third parties the safe-keeping of the Fund's financial instruments to correspondents (the "**Correspondents**") subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. In relation to the Correspondents, the Depositary has a process in place designed to select the highest quality third-party provider(s) in each market. The Depositary shall exercise due care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depositary shall also periodically assess whether Correspondents fulfil applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged. The list of Correspondents relevant to the Fund is available on https://www.bbh.com/us/en/policies-and-disclosures/product-and-service-disclosures/depositary-and-trustee-disclosures/lux-subcustodian-list.html. This list may be updated from time to time and is available from the Depositary upon written request.

A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depositary and the Correspondent. Where a Correspondent shall have a group link with the Depositary, the Depositary undertakes to identify potential conflicts of interests arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depositary will notify the Board of Directors and/or the board of managers of the Management Company of any such conflict should it so arise.

To the extent that any other potential conflicts of interest exist pertaining to the Depositary, they have been identified, mitigated and addressed in accordance with the Depositary's policies and procedures.

Updated information on the Depositary's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depositary.

The 2010 Law provides for a strict liability of the Depositary in case of loss of financial instruments held in custody. In case of loss of these financial instruments, the Depositary shall return financial instruments of identical type of the corresponding amount to the Company unless it can prove that the loss is the result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. Shareholders are informed that in certain circumstances financial instruments held by the Company with respect to the Company will not qualify as financial instruments to be held in custody (i.e. financial instruments that can be registered in a financial instrument account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary). The Depositary will be liable to the Company or the Shareholders for the loss suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the 2010 Law.

The Depositary or the Company may, at any time, and subject to a written prior notice of at least three (3) months from either party to the other, terminate the appointment of the Depositary, provided however that the termination of the Depositary's appointment by the Company is subject to the condition that another depositary bank assumes the functions and responsibilities of a depositary bank. Upon termination of the Depositary Agreement, the Company shall be obliged to appoint a new depositary bank which shall assume the functions and responsibilities of a depositary bank in accordance with the Articles of Incorporation and Luxembourg law, provided that, as from the expiry date of the notice until the date of the appointment of a

new depositary bank by the Company, the Depositary's only duties shall be to take such steps as are necessary to protect the interests of Shareholders.

## THE ADMINISTRATIVE, REGISTRAR AND TRANSFER, PAYING AND CORPORATE AGENT

The Management Company upon recommendation and with the consent of the Company has appointed Brown Brothers Harriman (Luxembourg) S.C.A. (more fully described above) as administrative, registrar and transfer, paying and corporate agent of the Company (the "**Administrative Agent**").

As such, the Administrative Agent is responsible for the functions of central administration of UCIs in accordance with applicable Luxembourg laws and regulations and in particular for calculating the net asset value of Shares of different categories and Classes, the transfer agent and registrar functions, processing the subscription, redemption and conversion of Shares, the maintenance of accounting records and all other administrative functions, including contractually agreed shareholder communications, as more fully described in the agreement entered into with the Administrative Agent.

## THE DOMICILIARY AGENT

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed by the Company as its domiciliary agent.

## THE INDEPENDENT AUDITOR

PricewaterhouseCoopers Assurance, *Société coopérative*, acts as appointed auditor, having its registered office at 2 rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg, registered with the Register under number B294273, has been appointed as the approved statutory auditor (*réviseur d'entreprises agréé*) of the Fund.

## INVESTOR PROFILE

The investor profile of each Sub-Fund is described in the relevant Appendix of this Prospectus. No investor may be a Prohibited Person.

## GENERAL INVESTMENT OBJECTIVES AND POLICY

The Sub-Fund's assets can be invested in all types of assets authorised under the 2010 Law while observing the principle of risk spreading. The respective investment objective and policy of each Sub-Fund is set forth in the description of the relevant Appendix.

**Although the Company will do its utmost to achieve the investment objectives of each Sub-Fund, there can be no guarantee to which extent these objectives will be reached. Consequently, the net asset values of the Shares may increase or decrease and positive or negative returns of different levels may arise**.

## GENERAL INVESTMENT PRINCIPLES AND RESTRICTIONS

The Company and its Sub-Funds are subject to the following general investment principles and restrictions for undertakings for collective investment in transferable securities, in accordance with the 2010 Law.

### 1. Eligible investments

(a) The Company will invest only in:

Eligible Transferable Securities and Money Market Instruments, which consists in:

- transferable securities and money market instruments admitted to or dealt in on a stock exchange in an eligible State (within the meaning of Directive 2004/39/EC) (the "**Eligible State**", being any member of the Organisation for Economic Co-operation and Development ("**OECD**") and any other country of Europe, North and South America, Africa, Asia and the Pacific);

- transferable securities and money market instruments dealt in on another regulated market (the "**Regulated Market**") in an Eligible State, which operates regularly and is recognised and open to the public;

recently issued Eligible Transferable Securities and Money Market Instruments PROVIDED THAT:

- the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the Company; and

- such admission is secured within one year of issue;

PROVIDED THAT the Company may also invest in transferable securities and money market instruments which are not Eligible Transferable Securities and Money Market Instruments provided that the total of such investments other than Eligible Transferable Securities and Money Market Instruments shall not exceed 10 per cent of the net assets of the relevant Sub-Fund;

UCITS authorised according to the UCITS Directive and/or other UCIs within the meaning of Article 1, paragraph (2) first and second indents of said Directive, should they be situated in an EU Member State or not, PROVIDED THAT:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Community law, and that co-operation between authorities is sufficiently ensured;

- the level of protection for shareholders in the other UCIs is equivalent to that provided for shareholders in a UCITS and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;

- the business of the other UCIs is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;

- no more than 10 per cent of the UCITS's or the other UCI's assets, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs.

A Sub-Fund can, under the conditions provided for in article 181 paragraph 8 of the 2010 Law, invest in Shares issued by one or several other Sub-Funds of the Company.

Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law.

Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market; and/or financial derivative instruments dealt in over the counter ("**OTC Derivatives**"), PROVIDED THAT:

- the underlying consists of instruments covered by Article 41, paragraph (1) of the 2010 Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives as stated in the constitutive documents of the Company;

- the counterparties to OTC Derivative transactions are financial institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and

- the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

Money market instruments other than those dealt in on a Regulated Market, which are liquid and whose value can be determined with precision at any time, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and PROVIDED THAT they are:

- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or

- issued by a company any securities of which are dealt in on a Regulated Market; or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU Law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU Law; or

- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second and the third indents above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euros (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(b) However, the Company may acquire movable and immovable property which is essential for the direct pursuit of its business.

(c) The Company may hold ancillary liquid assets.

**2. Investment restrictions**

(a) The Company may invest no more than 10% of the net assets of the relevant Sub-Fund in transferable securities and money market instruments issued by the same issuing body. The Company may not invest more than 20% of the net assets of the relevant Sub-Fund in deposits made with the same body.

The counterparty risk of the Company in a derivative transaction that is not centrally cleared through a central counterparty authorised in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation, shall not exceed 10% of the net assets of the relevant Sub-Fund when the counterparty is a credit institution referred to in (1) (a) 6th paragraph above or 5% of the net assets of the relevant Sub-Fund in other cases.

(b) The total value of the transferable securities and money market instruments held by the Company in the issuing bodies in each of which it invests more than 5% of the net assets of the relevant Sub-Fund must not exceed 40% of the net assets of the relevant Sub-Fund. This limitation does not apply to deposits made with financial institutions subject to prudential supervision and to derivatives with such institutions. Notwithstanding the individual limits laid down in paragraph 2 (a) above, the Company may not combine:

- investments in transferable securities or money market instruments issued by a single body;
- deposits made with a single body; and/or
- exposure arising from derivative transactions undertaken with a single body that are not centrally cleared through a central counterparty authorized in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation

in excess of 20% of the net assets of the relevant Sub-Fund.

(c) The limit laid down in paragraph 2 (a), first sentence is increased to a maximum of 35% if the transferable securities and money market instruments are issued or guaranteed by an EU Member State, its local authorities, by a non EU Member State or by public international bodies of which one or more EU Member States are members.

(d) The limit laid down in paragraph 2 (a), first sentence is raised to a maximum of 25% for covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU 2019/2162"), and for certain debt instruments when they are issued before 8 July 2022 ("**Transferable Debt Securities**") by a credit institution having its registered office in an EU Member State and which is subject, by law, to special public supervision designed to protect the holders of Transferable Debt Securities. In particular, sums deriving from the issue of such Transferable Debt Securities issued before 8 July 2022 must be invested pursuant to the 2010 Law in assets which, during the whole period of validity of such Transferable Debt Securities, are capable of covering claims attaching to the Transferable Debt Securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Company invests more than 5% of its net assets in such Transferable Debt Securities as referred to in the preceding paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the relevant Sub-Fund's net assets.

(e) The transferable securities and money market instruments referred to in paragraphs 2 (c) and 2 (d) are not taken into account for the purpose of applying the limit of 40% referred to in paragraph 2 (b).

The limits set out in paragraphs 2 (a), (b), (c) and (d) may not be combined; thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with paragraphs 2 (a), (b), (c) and (d) shall under no circumstances exceed in total 35% of the net assets of the relevant Sub-Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 2013/34/EU, as amended, or in accordance with recognised international accounting rules are regarded as a single body for the purpose of calculating the limits contained in paragraphs 2 (a) to (e).

The Company may invest in aggregate up to 20% of the net assets of the relevant Sub-Fund in transferable securities and money market instruments within the same group.

(f) **Without prejudice to the provisions under 2 (a) to (e) above, the Company is authorised to invest, in accordance with the principle of risk spreading, up to 100% of the net assets of the relevant Sub-Fund in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities or by a member state of the OECD or by public international bodies of which one or more Member States are members, provided that such Sub-Fund holds (i) transferable securities from at least six different issues and (ii) transferable securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**

(g)

(i) The Company or the Management Company may not acquire any Shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

(ii) Moreover, each Sub-Fund may acquire no more than:
10% of the non-voting Shares of the same issuer;
10% of the Transferable Debt Securities of the same issuer;
25% of the Shares of the same UCITS and/or other UCI;
10% of the money market instruments issued by the same issuer.

(iii) The limits laid down in the second, third and fourth indents of paragraph (g) (ii) may be disregarded at the time of acquisition if at that time the gross amount of Transferable Debt

Securities or money market instruments or the net amount of the transferable securities in issue cannot be calculated.

(iv) The limits contained in paragraphs (g) (i) and (g) (ii) are waived as regards:

- transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
- transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- shares held by UCITS in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in the transferable securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents for the UCITS the only way in which it can invest in the transferable securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the European Union complies with the limits laid down in Articles 43 and 46 and Article 48, paragraphs (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 of the 2010 Law shall apply mutatis mutandis;
- shares held by one or several investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on its or their behalf.

(h)

(i) The Company shall not acquire securities which entail unlimited liability;

(ii) The Company's assets must not be invested in real estate, precious metals, precious metal contracts, commodities or commodities contracts;

(iii) The Company shall not acquire shares or units of UCITS and/or other UCIs for more than 10% of a single Sub-Fund's assets.

The investment policy of a Sub-Fund may derogate from the preceding restriction, provided that in such event the Company shall not invest more than 20% of the net assets of the relevant Sub-Fund in a single UCITS or UCI as defined in 1 (a) above. For the purposes of applying this investment limit, each compartment of a UCITS or UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

Investments in other UCIs may not exceed in aggregate 30% of the net assets of the relevant Sub-Fund. When the Company has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraphs 2 (a) to (e) above.

Notwithstanding the above, the Board of Directors may decide, under the conditions provided for in Chapter 9 of the 2010 Law, that a Sub-Fund ("**Feeder**") may invest 85% or more of its assets in units of another UCITS ("**Master**") authorised according to Directive 2009/65/EC (or a Sub-Fund of such UCI).

No subscription or redemption fees may be charged to the Company if the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or the Portfolio Manager or by any other company with which the Management Company or the Portfolio Manager is linked by common management or control, or by a substantial direct or indirect holding. If the Company invests a substantial proportion of its net assets in other UCITS and/or UCIs then it shall disclose in its prospectus the maximum level of the management fees that may be charged both to the Company and to the other UCITS and/or UCIs in which it intends to invest. In its annual report the Company

shall indicate the maximum percentage of management fees charged both to the Company itself and to the UCITS and/or other UCI in which it invests;

(iv) the Company may not purchase any Eligible Transferable Securities or Money Market Instruments on margin or make short sales of Eligible Transferable Securities or Money Market Instruments or maintain a short position. Deposits or other accounts in connection with derivative contracts such as option, forward or financial futures contracts, permitted within the limits described above, are not considered margins for this purpose;

(v) the company may not borrow amounts in excess of 10% of the net assets of the relevant Sub-Fund, taken at market value at the time of the borrowing provided that the borrowing is on a temporary basis; provided however that the Company may borrow amounts in excess of 10% of the net assets of the Company, provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of the Company's business; in such latter case these borrowings may not in any case exceed in total 15% of the net assets of the Company;

(vi) the company may not mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness any securities owned or held by the Company, except as may be necessary in connection with the borrowings permitted by paragraph (e) above, on terms that the total market value of the securities so mortgaged, pledged, hypothecated or transferred shall not exceed that proportion of the Company's assets necessary to secure such borrowings; the deposit of securities or other assets in a separate account in connection with repurchase, reverse purchase agreements and derivative contracts such as option, forward or financial futures transactions shall not be considered to be mortgage, pledge, hypothecation or encumbrance for this purpose;

(vii) the Management Company and the Company may not, without prejudice to the application of Articles 41 and 42 of the 2010 Law, grant loans or act as a guarantor on behalf of third parties;

the above paragraph shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the 2010 Law which are not fully paid;

(viii) the Management Company and the Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the 2010 Law;

- make investments in any assets involving the assumption of unlimited liability;
- underwrite transferable securities of other issuers.

The Company does not necessarily need to comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk-spreading, the Company may derogate from Articles 43, 44, 45 and 46 of the 2010 Law for a period of six (6) months following the date of its authorisation.

If the limits referred to in the paragraph above are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

## EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

In accordance with the amended CSSF Circular 08/356, CSSF Circular 14/592 and the "ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937)" (the "**ESMA Guidelines**") techniques may be used for the respective Sub-Fund in order to efficiently manage the portfolio. As of today the Company does not make use of security lending transactions or borrowing transactions or enter into repurchase agreements or reverse repurchase agreements for efficient portfolio management purposes or otherwise. If such investment or transaction is contemplated, the prospectus of the Company will be updated accordingly.

All income arising from the use of techniques and instruments for efficient portfolio management, less direct and indirect operational costs, accrue to the respective Sub-Fund in order to be reinvested in line with the Sub-Fund's investment policy. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management will be selected according to the Management Company's principles for executing orders for financial instruments (the "best execution policy"). These counterparties will essentially comprise recipients of the direct and indirect costs and fees incurred in this connection. The costs and fees to be paid to the respective counterparty or other third party will be negotiated on market terms. In principle, the counterparties are not affiliated companies of the Management Company.

The use of derivatives or other techniques and instruments for efficient portfolio management must not, under any circumstances, cause the Company to deviate from its investment policy as described in this Prospectus, or expose the Company to additional significant risks that are not outlined in this Prospectus.

The Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512, and the ESMA Guidelines.

**Use of derivatives**

Subject to a suitable risk management system, the Company may invest in any derivatives that are derived from assets that may be acquired for the respective Sub-Fund, or from financial indices, interest rates, exchange rates or currencies. This includes, in particular, options, financial futures and swaps as well as combinations thereof. They may also be used as part of the investment strategy, in addition to hedging.

Trading in derivatives shall be conducted within the investment limits and provides for the efficient management of the Fund's assets while also regulating investment maturities and risks.

**Management of collateral for transactions with OTC derivatives and efficient portfolio management techniques**

The Company may receive collateral for transactions with OTC derivatives in order to reduce counterparty risk.

In order to secure obligations, the Company may accept all collateral which corresponds to the rules of CSSF Circulars 08/356, 11/512 and 14/592 and the ESMA Guidelines.

If the securities are lent through intermediaries, the transfer of the securities prior to receipt of the collateral is permitted if the respective intermediary guarantees the proper completion of the transaction. Said intermediaries may provide collateral instead of the borrower.

In principle, the collateral for securities and transactions with OTC derivatives, excluding currency futures transactions, must be provided in one of the following forms:

a. liquid assets such as short-term bank deposits, money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees payable on first demand, which are issued by first-class credit institutions not connected to the counterparty, e.g. bonds issued by an OECD Member State or its regional bodies or by supranational institutions and authorities at community, regional or international level, or

b. bonds which are issued or guaranteed by first-class issuers and are reasonably liquid.

Collateral which is not in the form of cash must be issued by a legal entity which is not connected to the counterparty.

If collateral is provided in the form of cash and, as a result, a credit risk arises for the respective Sub-Fund in connection with the administrator of said collateral, this is subject to the 20% restriction as stipulated in Article 43 (1) of the 2010 Law. In addition, such cash collateral may not be held in custody by the counterparty unless said collateral is protected from the consequences of a payment default by the counterparty.

Non-cash collateral may not be held in custody by the counterparty unless it is properly separated from the counterparty's own assets.

As of the date of the Prospectus, collateral will not be reused.

If collateral meets a series of criteria such as the standards for liquidity, valuation, the credit rating of the issuer, correlation and diversification, it may be offset against the gross commitment of the counterparty. If collateral is offset, its value may be reduced by a percentage rate as a result of the price volatility of the collateral (a "**discount**") which may trigger, amongst other things, short-term fluctuations in the value of the commitment and the collateral.

The criteria for reasonable diversification with respect to the issuer concentration shall be considered to be met if the Sub-Fund receives a collateral basket for the efficient management of the portfolio or for transactions with OTC derivatives of which the maximum total value of the open positions in relation to a specific issuer does not exceed 20% of the net asset value. If the Sub-Fund has various counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the total value of the open positions in relation to a single issuer.

The discounts applied to collateral are influenced either by:

- the credit rating of the counterparty;
- the liquidity of the collateral;
- the collateral's price volatility;
- the credit rating of the issuer; and/or
- the country or the market on which the collateral is traded.

In order to adequately take into account the risks associated with the respective collateral, the Management Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by a suitable conservative discount (haircut). The more volatile the value of the collateral is, the higher the discount will be.

The Management Company determines an internal regulation that defines the details on the above-mentioned requirements and values, particularly regarding the types of collateral accepted the amounts to be added to and subtracted from the respective collateral, as well as the investment policy for liquid funds that are deposited as collateral.

The discounts applied will be examined at regular intervals and at least once a year to ensure that they are reasonable and, if necessary, shall be adjusted accordingly. Currently, the Management Company has determined the following requirements as well as applicable discounts and mark-ups in relation to the respective collateral:

**(a) Permitted collateral**

- cash, call money with daily availability in EUR, USD, CHF, JPY and GBP or in the respective Fund currency. The delegate-bank shall be rated A or higher;
- government bonds, supra national bonds, government guaranteed bonds and bonds of German Federal States ("*Bundesländer*");
- corporate bonds;
- covered bonds pursuant to the regulations of Germany (German "*Pfandbriefe*"), Denmark, Finland, France, Italy, Luxembourg, Norway, Sweden;
- bonds in general: unlimited maturity, but higher haircuts (see below);
- ordinary Shares and preference Shares from a permitted index (s. Appendix A of the internal regulation).

Transferable securities shall have one of the following currencies: EUR, USD, CHF, JPY or GBP.

The counterparty and issuer of the collateral shall not belong to the same group.

**(b) Forbidden collateral**

- structured products (e.g. embedded options, coupon or notional depending from a reference asset or trigger, stripped bonds, convertible bonds);
- securitisations (e.g. ABS, CDO);
- GDRs (Global Depositary Receipts) and ADRs (American Depositary Receipts).

**(c) Quality requirements**

The emission-rating (lowest of S&P, Moody`s or Fitch) of bonds respectively the issuer-rating in case of Shares has to be of investment grade. Often, stricter requirements apply, e.g. AA rating, exemptions for determined funds are possible:

With respect to funds, for which no collateral with a minimum rating of AA is available, a downgrade of the minimum rating within the range of investment-grade (at least equivalent to BBB-) is authorized. In this case higher haircuts have to be applied.

Collateral shall be rateable and liquid. Indicators for liquidity are:

- bid-ask-spread;
- existence of broker quotes;
- trade volume;
- time stamps respectively actuality of quotes.

The abovementioned indicators shall be evident on Bloomberg-pages with free access.

The issuer shall be legally independent from the counterparty.

**(d) Quantity requirements**

(1) Concentration risk in relation to the collateral portfolio should be avoided respectively limited by the following measures/limits:

- the proportion of sector and country (outside the EURO zone) per fund with respect to a counterparty shall be of a maximum of 30% of the overall collateral;
- the nominal of bonds per fund shall with respect to all counterparties shall be of a maximum of 10% of the overall issue volume;
- the volume with respect to Shares shall not exceed 50% of the average daily volume (on the basis of the last thirty (30) days on the main stock exchange) and 1% of the market capitalization.

AAA-rated government bonds are not subject to the abovementioned limits.

(2) Haircut

With respect to the fact that CSSF Circular 11/512 requires the implementation of points 2 and 3 of Box 26 of the ESMA Guidelines 10-788 whereupon "for the valuation of the collateral presenting a significant risk of value fluctuation, UCITS should apply prudent discount rates", the Management Company has determined discounts with respect to the different asset classes.

The current haircuts are as follows:

- in case of Shares 25%;
- in case of cash in a foreign currency 4%;
- in case of government bonds and covered bonds depending on the residual maturity:

| residual maturity | haircut |
|---|---|
| 0 – 2 years | 1% |
| 2 - 5 years | 2% |

| | |
|---|---|
| 5 - 10 years | 3% |
| > 10 years | 5% |

The Management Company will examine the determined haircuts on a regular basis in order to identify if these values are still appropriate or if a revaluation is necessary given the current market conditions.

The Management Company (or its representatives) value(s) the collateral received on behalf of the Sub-Fund. If the value of the collateral already granted appears to be insufficient in relation to the amount to be covered, the counterparty must very quickly provide additional collateral. If the value is adequate, the exchange rate or market risks associated with the assets accepted as collateral will be taken into consideration by collateral margins.

The Company will ensure that its collateral rights can be enforced if an event requires the exercise thereof, i.e. the collateral must be available in such a form, either directly or via an intermediary of a first-class financial institution, or a wholly-owned subsidiary of said institution that allows the Company to acquire or value assets provided as collateral if the counterparty fails to meet its obligations to return the loaned securities.

Throughout the duration of the agreement, collateral may not be disposed of, provided as collateral in another form or pledged unless the respective Sub-Fund has other means of coverage.

If a Sub-Fund accepts collateral for at least 30% of its assets, it will check the associated risk including by way of regular stress tests, the effects of changes in the market value and the liquidity of the collateral under normal and exceptional conditions.

The description of each Sub-Fund in the relevant Appendix may contain additional parameters in this respect. In order to achieve the investment objective, the relevant Portfolio Manager may use (without limitation) the derivative instruments if and as provided in the relevant Sub-Fund Appendix.

The Company's annual report will contain information on income from efficient portfolio-management techniques for the Sub-Funds' entire reporting period, together with details of the Sub-Funds' direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice) operational costs and fees, insofar as they are associated with the management of the corresponding Fund/Sub-Fund.

Vistra Fund Management S.A., as Management Company, does not act as securities lending agent. If the Management Company takes over this function and activity, the Prospectus will be updated accordingly.

The Company's annual report will provide details on the identity of Companies associated with the Management Company or the Depositary, provided they receive direct and indirect operational costs and fees.

All revenues arising from total return swaps, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund concerned.

Information on direct and indirect operational costs and fees that may be incurred in this respect, the identity of the entities to which such costs and fees are paid as well as any relationship they may have with the Management Company or the Portfolio Manager will be available in the annual report of the Company.

The Company will not enter into total return swaps nor the following securities financing transactions in accordance with the definitions described in the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (the "SFT Regulation"):

- repurchase and reverse repurchase agreement transactions;
- securities lending or borrowing;
- buy-sell back/sell-buy back transactions;
- margin lending.

If a Sub-Fund was to use such securities financing transactions and total return swaps in the future, the present prospectus will be modified in accordance with CSSF Circular 14/592 and the SFT Regulation.

## RISK MANAGEMENT PROCEDURE

The Management Company has issued a risk management procedure describing all of the framework conditions, processes, measures, activities and structures that are relevant to the efficient and effective implementation and improvement of the risk management and risk reporting system. Pursuant to the 2010 Law and applicable regulatory circulars issued by the CSSF, the Management Company regularly sends a report to the CSSF about the risk management procedure that is applied. The regulatory circulars issued by the CSSF describe the code of conduct that undertakings for collective investment in transferable securities have to comply with as regards the application of a risk management procedure and the use of derivative financial instruments. In the regulatory circular of the CSSF, funds which are subject to Part I of the 2010

Law are referred to supplementary information on the use of a risk management procedure as defined in Article 42 (1) of the 2010 Law and on the use of derivative financial instruments as defined in Article 41 (1) g of that law.

The risk management policies mentioned in the regulatory circular must enable, among other things, the measurement of the market risk (including the overall risk), which could be significant for the fund in view of its investment objectives and strategies, the management style and methods used for the management of the fund and the valuation processes and which could therefore have a direct impact on the interests of the shareholders of the fund being managed.

To this end, the Management Company employs the following methods provided for in accordance with the legal requirements:

*Commitment Approach:*
In the "**Commitment Approach**", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the fund's portfolio.

*VaR Approach:*
The Value-at-Risk (VaR) ratio is a mathematical and statistical concept, which is used as a standard measure of risk in the financial sector. The VaR indicates a portfolio's possible loss during a certain period of time (called the holding period), where there is a specific probability (called the confidence level) that it will not be exceeded.

*Relative VaR Approach:*
In the relative VaR approach, the VaR (confidence level 99%, 1 day holding period, 1 year observation period) of the fund may not exceed the VaR of a reference portfolio by more than double in relation to the market risk potential of derivative-free reference assets. With this approach, the reference portfolio is strictly a representation of the fund's investment policy.

*Absolute VaR Approach:*
In the absolute VaR approach, the VaR (99% confidence level, 1 day holding period, 1 year observation period) of the fund may not exceed 4.4% of the fund's assets.

*Leverage:*
The use of derivatives can have a major impact, either positive or negative, on the value of the fund's assets. In order to represent this as a percentage, the leverage is calculated. This percentage figure expresses by how much a portfolio would rise or fall if derivative positions were to be used. To determine the leverage, the nominal values of the derivatives are calculated and compared with the existing portfolio.

In the case of funds that have not yet been launched, the anticipated leverage is initially estimated. The estimate is made using assumptions that take account of the fund's strategy.

The leverage effect can turn out to be higher since its calculation is based on the total nominal values of the derivatives held by the fund. Any possible reinvestment effects arising from securities in repurchase agreements are also taken into account.

The actual leverage effect, on the other hand, is subject to fluctuations on the security markets over the course of time and can therefore also turn out to be higher as a result of exceptional market conditions.

Specific Information and the description of the Risk Management Procedure for each Sub-Fund will be described in the description of the Appendix relating to the relevant Sub-Fund.

## RISK FACTORS

The following statements are intended to inform Shareholders of the uncertainties and risks associated with investments and transactions in transferable securities, money market instruments, structured financial instruments and other financial derivative instruments. Shareholders should remember that the price of Shares and any income from them may fall as well as rise and that Shareholders may not get back the full amount invested. **Past performance is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment**. Where the currency of the relevant Sub-Fund varies from the investor's currencies, or where the currency of the relevant Sub-Fund varies from the currencies of the markets in which the Sub-Fund invests, the prospect of additional loss (or the prospect of additional gain) to the investor is greater than the usual risks of investment.

Investment objectives express an intended result but there is **no guarantee** that such a result will be achieved. Depending on market conditions and the macro- economic environment, investment objectives may become more difficult or even impossible to achieve. **There is no express or implied assurance as to the likelihood of achieving the investment objective for a Sub-Fund**.

The investment performance of each Sub-Fund is directly related to the investment performance of the underlying investments held by such Sub-Fund. The ability of a Sub-Fund to meet its investment objective depends upon the allocation of the Sub-Fund’s assets among the underlying investments and the ability of an underlying investment to meet its own investment objective. It is possible that an underlying investment will fail to execute its investment strategies effectively. As a result, an underlying investment may not meet its investment objective, which would affect the Sub-Fund’s investment performance.

### Risks associated with Shares of the Company

The investment in Shares is a form of investment that is characterised by the principle of risk spreading. It cannot, however, be ruled out that the risks associated with an investment in Shares, which result in particular from the investment policy of the Fund, the value of assets contained in the Fund and the Share business, might exist. Shares are comparable with securities as regards their opportunities and risks and in particular also in combination with instruments and techniques, where applicable. In the case of shares denominated in foreign currencies, there are exchange rate opportunities and risks. It must also be considered that such Shares are subject to a so-called transfer risk. The purchaser of Shares will only achieve a profit on the sale of his Shares if their growth in value exceeds the front-end load paid on their purchase, taking into account the redemption commission. The front-end load can reduce the performance for the investor or even lead to losses in the case of only short periods of investment. A loss risk can be associated with the custody of assets, especially abroad, which can result from the insolvency, breaches of the duty of care or abusive conduct of the Depositary or a sub-depositary (custodial risks). The Fund may become the victim of fraud or other criminal activities. It may sustain losses through misunderstandings or errors by employees of the Management Company or external third parties or be damaged by external events such as natural disasters (operational risks).

### Risks associated with the assets of the Company

Counterparty risk

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Counterparty default

In general, there is less regulation and supervision of transactions in the OTC markets (in which forward and option contracts, credit default swaps, total return swaps and certain options on currencies and other financial derivative instruments are generally traded) than of transactions entered into on organized stock exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. In addition, as the OTC market may be illiquid, it might not be possible to execute a transaction or liquidate a position at the price it may be valued in the Sub-Fund.

Concentration risk

A risk can arise from a concentration of investment in certain assets or markets. Then the Company is particularly heavily dependent on the performance of these assets or markets.

General security risks

When selecting the assets the expected performance of the assets is in the foreground. At the same time it must be considered that securities also bear risks as well as the opportunities of price gains and revenue, since the prices can fall below acquisition prices.
Company-specific risks

Company-specific risks describe the risks, which have directly and indirectly to do with the Company itself. This means in particular the situation of the Company in the market environment, management decisions and similar circumstances that directly concern the Company. Among the general conditions are especially the inflation rate, the level of base rates, fiscal and legal conditions and the general market psychology. It can be observed over and over again that Shares or whole stock markets are subject to considerable price fluctuations and evaluation fluctuations without the general conditions changing.

Special features of Shares

Shares and securities with Share-like character (e.g. index certificates) are subject to large price fluctuations from experience. Therefore they offer opportunities of considerable price gains, which are nevertheless set against comparable risks. Influencing factors on Share prices are primarily the profit performance of individual companies and sectors as well as whole-economy developments and political perspectives, which determine the expectations on the security markets and thereby the formation of rates.

Special features of fixed interest securities

Influencing factors on price changes of fixed interest securities are primarily the interest rate developments on the capital markets, which in turn are influenced by whole-economy factors. When capital market interest rates rise, fixed interest securities can suffer falls in prices, while they can report price increases when capital market interest rates fall. The price changes are also dependent on the term or remaining term of the fixed interest securities. As a rule, fixed interest securities with shorter terms, exhibit lower price risks than fixed interest securities with longer terms. On the other hand, however, lower yields and higher reinvestment costs have to be taken into account due to the more frequent maturities of the security portfolio.

Creditworthiness risk

Even with the careful selection of the securities to be purchased, the creditworthiness risk, i.e. the loss risk through inability of issuers to pay (issuer risk), cannot be ruled out.

Credit risk

The Company can invest part of its assets in government and company bonds. The issuers of these bonds can become insolvent in some circumstances, whereby the value of the bonds can be lost wholly or partly. Because of the dependence on the creditworthiness of the issuer and the general market liquidity there can be increased volatility.

Country risk

To the extent that the Company focuses on certain countries within the context of its investment, this also reduces the spread of risks. As a result of this, the Company is dependent to a particular extent on the development of single or related countries or on the companies registered or active in these countries.

Risks in investing in emerging markets

The political and economic situation in countries with emerging markets can be subject to significant and rapid changes. Such countries may be less stable politically and economically in comparison to more developed countries and be subject to a considerable risk of price fluctuations. This instability is caused among other things by authoritarian governments, military involvement in political and economic decision making, hostile relations with neighbouring states, ethnic and religious problems and racial conflicts, etc. These, as well as unexpected political and social developments, can have an effect on the value of the investments of the Company in these countries and also affect the availability of the investments. Moreover the payment of earnings from the redemption of Shares of the Company investing in the emerging market can be delayed in some circumstances. Due to the fact that the security markets are very inexperienced in some of these countries and that the number of the tradable volumes can possibly be limited, there may be increased illiquidity of the Company as well as an increased amount of administration that must be carried out before the acquisition of an investment.

Investments issued by companies domiciled in countries with emerging markets can be affected by the fiscal policy. At the same time, it must be noted that no provision is made to safeguard existing standards. This means that fiscal provisions especially can be changed at any time and without prior notice, and in particular retroactively. Such revisions can have negative effects for the investors in certain circumstances.

Special features of structured products

When investing in certificates and structured products, the risk characteristics of derivatives and other special investment techniques and financial instruments must be considered as well as the risk characteristics of securities. Generally, they are also exposed to the risks of their underlying markets and/or underlying instruments and therefore often entail increased risks. Potential risks of such instruments can arise for example from the complexity, non-linearity, high volatilities, low liquidity, limited means for valuation, risk of absence of income, or even total loss of the invested capital or from the counterparty risk.

Small capitalisation companies risk

A Sub-Fund which invests in smaller companies may fluctuate in value more than other Sub-Funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently, investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and a Sub-Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

Currency risks

When investing in foreign currencies and in transactions in foreign currencies there are chances and risks of changes in exchange rates. It must also be borne in mind that investments in foreign currencies are subject to a so-called transfer risk.

Currency hedging transactions

Currency hedging transactions serve to reduce exchange rate risks. Because these hedging transactions can occasionally only partially protect the Company's assets or protect against exchange rate losses to a limited extent it can, however, not be ruled out that exchange rate changes can negatively influence the performance of the Company's assets.

Forward exchange contracts

The costs and possibly losses arising from forward exchange contracts and/or the acquisition of corresponding option rights and warrants, reduce the performance of the Company. Transactions with forwards, particularly those traded over the counter, bear an increased counterparty risk. In the event that its counterparty fails it is possible that the Company will not receive the expected payments or counter values. This can lead to a loss.

Note on borrowing by the Company

The interest accrued for borrowing reduces the performance of the Company. These burdens are, however, set against the opportunity of increasing the income of the Company by raising credit.

Measures for risk reduction and risk avoidance

The Management Company and/or Investment Adviser and/or Portfolio Manager try to optimise the opportunity/risk ratio of a security investment using modern analysis methods. At the same time the Company's liquid funds serve the goal of the investment policy by reducing the influence of possible price reductions in the security investments within a framework of shifting and temporary higher cash balances. Nevertheless, no assurance can be given that the goals of the investment policy will be achieved.

Credit Default Swaps

Credit Default Swaps (CDS) normally serve to protect from creditworthiness risks, which arise for an investor or a fund from the purchase of bonds and from lending. These are agreements between two parties, whereby the secured party makes premium payments to the security provider over the term of the cover so that he will be compensated for losses in the future (credit default payment), if the creditworthiness of the issuer should deteriorate or the issuer fails (credit event). The counterparties are first class financial institutions, which are specialised in such transactions.

Risks linked to distressed securities' investments

Although investment in distressed securities may result in significant returns for a Sub-Fund, it involves a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed securities is unusually high. Troubled company investments required active monitoring. There is no assurance that the Management Company and/or Portfolio Manager and/or Sub-Portfolio Manager, as the case may be, will correctly evaluate the value of any company. The Sub-Fund may lose its entire investment.

Risks linked to default securities' investments

Although investment in default securities may result in significant returns for a Sub-Fund, it involves a substantial risk of liquidity.

The risk of loss due to default may be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer. If the issuer of a security in a Sub-Fund's portfolio defaults, the Sub-Fund may have unrealised losses on the security, which may lower

the Sub-Fund's Net Asset Value per Share. Defaulted securities tend to lose much of their value before they default. Thus, the Sub-Fund's Net Asset Value per Share may be adversely affected before an issuer defaults. In addition, the Sub-Fund may incur additional expenses if it must try to recover principal or interest payments on a defaulted security.

Risks of using AI scores as part of the investment process

AI scoring is performed on Japanese equities and the scores are used as part of the investment process. AI scores are only used in the initial stages of stock research to select the investment universe, and AI scores are not directly involved in investment decisions.

The AI learns the characteristics and habits of the investment manager's stock research, and AI scoring is used to reduce the time spent on research by the managers of SMD-AM Japan Mid Small Cap Value. Therefore, there is a risk that the managers' characteristics and habits may not be reflected in the scores.

We have taken the following steps to manage this risk.

Verification can only be carried out by the Manager of SMD-AM Japan Mid Small Cap Value and the Manager carries out verification from time to time. Updates will be made from time to time to reflect the Manager's characteristics and practices.

**Potential conflict of interest**

The Management Company, the Portfolio Manager, the Sub-Portfolio Manager, the Depositary, the Administrative Agent, the Domiciliary Agent and the independent auditor of the Company (the "Service Providers") can carry out operations in which they directly or indirectly have an interest that could conflict with their obligations towards the Company. The Service Providers will ensure that these operations are carried out under conditions that are as favourable for the Company as those that would have prevailed in the absence of the potential conflict of interest and that applicable policies and procedures are complied with. Such conflicts of interest or commitments may arise from the fact that Service Providers have directly or indirectly invested in the Company. More specifically, the Service Providers, by virtue of the rules of conduct applicable to them, must endeavour to avoid all conflicts of interest and, if such a conflict cannot be avoided, ensure that their clients (including the Company) are treated equally.

Timing difference of securities trading

There are risks that due to the timing difference of securities trading and valuation of subscription/redemption application, the net asset value of the fund for the existing unitholders may potentially be affected in case of large cash inflow or outflow.

**Specific risks inherent with investing in the Sub-Funds are described in the relevant Appendix of this Prospectus**.

## DETERMINATION OF NET ASSET VALUE

The Net Asset Value per Sub-Fund, Net Asset Value per Share, Net Asset Value per Share Class, the Redemption Price of Shares and the Issue Price of Shares shall be determined on each Valuation Date, at least twice a month. The Valuation Dates for each Sub-Fund are indicated in the relevant Appendix.

The Net Asset Value of each Sub-Fund or Share Class shall be expressed in the currency of the relevant Sub-Fund or the relevant Share Class as described in the relevant Appendix. Whilst the reporting currency of the Company is the Euro, the Net Asset Value is made available in the currency of each Sub-Fund or Share Class as described in the relevant Appendix. The Net Asset Value shall be determined on each Valuation Date separately for each Share of each Sub-Fund and for each Share Class dividing the total Net Asset Value of the relevant Sub-Fund and of the relevant Share Class by the number of outstanding Shares of such Sub-Fund and of the relevant Share Class.

The Net Asset Value shall be determined by subtracting the total liabilities of the Sub-Fund or Share Class from the total assets of such Sub-Fund or Share Class in accordance with the principles laid down in the Articles of Incorporation and in such further valuation regulations as may be adopted from time to time by the Board of Directors.

**Valuation of Investments**

Investments shall be valued as follows:

(1) The value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such provision as the Company may consider appropriate in such case to reflect the true value thereof.

(2) 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. If there is more than one stock exchange on which the securities are listed, the Board of Directors may in its discretion select the stock exchange which shall be the principal stock exchange for such purposes.

(3) Securities traded on a regulated market are valued in the same manner as listed securities.

(4) Securities which are not listed on an official stock exchange or traded on a regulated market shall be valued by the Company in accordance with valuation principles decided by the Board of Directors, at a price no lower than the bid price and no higher than the ask price on the relevant Valuation Date.

(5) Derivatives and repurchase agreements which are not listed on an official stock exchange or traded on a regulated market shall be valued by the Company in accordance with valuation principles decided by the Directors on the basis of their marked-to-market price.

(6) Term deposits shall be valued at their present value.

(7) Traded options and futures contracts to which the Company is a party which are traded on a stock, financial futures or other exchange shall be valued by reference to the profit or loss which would arise on closing out the relevant contract at or immediately before the close of the relevant market.

All securities or other assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their fair realisation value, will be valued at their fair realisation value, as determined in good faith and prudently pursuant to the procedures established by the Board of Directors.

Amounts determined in accordance with such valuation principles shall be translated into the currency of the Sub-Fund's accounts at the respective exchange rates, using the relevant rates quoted by a bank or another first class financial institution.

**Valuation of Liabilities**

The liabilities of the Company shall be deemed to include:

(1) all borrowings, bills and other amounts due;
(2) all administrative expenses due or accrued including (but not limited to) the costs of its constitution and registration with regulatory authorities, as well as legal and audit fees and expenses, the costs of legal publications, the cost of listing, prospectus, financial reports and other documents made available to Shareholders, translation expenses and generally any other expenses arising from the administration of the Company;
(3) all known liabilities, due or not yet due including all matured contractual obligations for payments of money or property, including the amount of all dividends declared by the Company which remain unpaid until the day these dividends revert to the Company by prescription;
(4) any appropriate amount set aside for taxes due on the date of the valuation of the Net Asset Value and any other provision of reserves authorised and approved by the Board; and
(5) any other liabilities of the Company of whatever kind towards third parties.

For the purposes of valuation of its liabilities, the Company may duly take into account all ongoing or periodic administrative and other expenses by valuing them for the entire year or any other period and by dividing the amount concerned proportionately for the relevant fractions of such period.

Amounts determined in accordance with such valuation principles shall be translated into the currency of the Sub-Fund's accounts at the respective exchange rates, using the relevant rates quoted by a bank or another first class financial institution.

## ISSUE OF SHARES BY THE COMPANY

All the Shares are issued and redeemed at an unknown Net Asset Value.

Whenever the Company issues Shares, the issue price per Share shall (the "**Issue Price**") be based on the Net Asset Value per Share for the relevant Sub-Fund calculated in the manner set out under "*Determination of Net Asset Value*".

The latest Issue and Redemption Prices are made public at the registered office of the Company.

The Company or the Management Company may fix a minimum subscription amount for each Sub-Fund which, if applicable, is indicated in the description of the relevant Appendix.

The Company or the Management Company reserve the right from time to time to waive any requirements relating to the minimum subscription amount as and when it determines in its reasonable discretion and by taking into consideration the equal treatment of Shareholders.

The mechanism for the calculation of the Issue Price, plus the imposition of a subscription charge (if any), is set out in each case in the description of the relevant Appendix. The subscription charge(s) goes to the relevant Sub-Fund and/or to the distributor (as determined in the relevant Sub-Fund Appendix) and it can be waived, provided that all investors having filed a subscription request for the same Dealing Date in the same circumstances are treated equally. Subject as set out in the relevant Appendix, the Issue Price shall be rounded to 2 decimals and any related subscription amounts will be rounded to the next currency unit. No issue of Shares shall be effected by the Company unless the price for the relevant Shares has been received by the Registrar and Transfer Agent. Payment of Shares must in principle be made in the currency of the relevant Share Class, as described in the relevant Appendix. The Company or the Management Company may, in their discretion, decide to accept payment by contribution of assets in compliance with the investment policy and the investment objective of the relevant Sub-Fund. The valuation of any such subscription in kind will be confirmed in a report prepared by the Company's auditor, to the extent required by Luxembourg law and any cost of such subscription in kind will have to be borne by the investor.

Duly completed and irrevocable applications must be received by the Registrar and Transfer Agent by the date and time as set out in the relevant Appendix. The Management Company may decide that applications to subscribe may be made by electronic file transfer. Any application form received after this cut-off time will be processed on the next Dealing Date subject to the reception of cleared subscription monies in accordance with the following paragraph. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the subscription order.

As a result of Luxembourg anti-money laundering laws the Registrar and Transfer Agent shall require that an application to subscribe Shares be accompanied by appropriate documents, as defined in the appendix to the subscription form, enabling the Registrar and Transfer Agent to check the identity of the investors. The Registrar and Transfer Agent reserves the right to delay the processing of an application until receipt of satisfactory documentary evidence or information for the purpose of compliance with applicable laws.

The Subscription Price, payable in the reference currency of the relevant Share Class, must be paid by the investor and received by the Registrar and Transfer Agent by the date and time as set out in the relevant Appendix. If payment in full has not been received by the Registrar and Transfer Agent by the date and time as set out in the relevant Appendix, the subscription and any allotment of shares made on the basis thereof may, at the discretion of the Company and/or the Management Company, be cancelled. The Company and/or

the Management Company reserve the right, in the event of non-receipt of payment by the due date and cancellation of a subscription, to charge the applicant for any resulting loss incurred.

The Company and the Management Company may at their entire discretion refuse subscription requests and any acceptance of a subscription request is conditional upon receipt of cleared subscription funds. Persons the subscription of which has been refused and that have already paid will be reimbursed by money transfer (without interest) made at the entire risk of the relevant person.

Specific details on the initial issue of Shares are disclosed in the relevant Appendix relating to a Sub-Fund.

A Sub-Fund may, from time to time and without notice to Shareholders, be closed to new subscriptions or conversions in (but not to redemptions or conversions out) if the Company is in the opinion that the closure is necessary to protect the interests of the existing Shareholders. This may happen in circumstances such as where a Sub-Fund has reached a size above which the portfolio management can no longer be optimal as the capacity of the market has been reached. As a result, permitting additional inflows would be detrimental to the interests of the existing Shareholders. Once closed, a Sub-Fund will not be re-opened until, in the opinion of the Company, the circumstances which required closure no longer prevail.

If this occurs, no new investors will be entitled to subscribe Shares in these Sub-Funds. Existing Shareholders should contact their local distributor or the Company to enquire on opportunities for ongoing subscriptions (if any). All existing Shareholders wishing to subscribe on a given Dealing Date will be treated equitably.

Where closures to new subscriptions or conversions in occur, the website https://www.smd-am.co.uk/fund-centre/ will be updated to indicate the change in status of the applicable Sub-Fund. Investors should confirm with the Company or check the website for the current status of Sub-Funds.

## HEDGED SHARE CLASSES

Hedged Share Classes of a Sub-Fund (represented with the suffix "(hedged)") will be hedged against the reference currency of that Sub-Fund, with the objective of minimising currency risk exposure (the "Hedged Share Classes"). While the relevant Sub-Fund will attempt to hedge this risk, there can be no guarantee that it will be successful in doing so. There is also risk that the amount of the hedge will result in less favourable results than if the hedge had been for a different amount. Any fees relating to the hedging strategy will be borne by the relevant Hedged Share Class.

This activity may increase or decrease the return to Shareholders in those Share Classes. Hedged Share Classes of a Sub-Fund will seek to be 100% hedged and will be hedged against the reference currency of the Sub-Fund. Investors should note that it may not be possible to always hedge the total Net Asset Value of the Hedged Share Class against fluctuations of the reference currency, the aim being to implement a currency hedge equivalent to between 95% and 105% of the Net Asset Value of the respective Hedged Share Class. Changes in the value of the portfolio or the volume of subscriptions and redemptions may however lead to the level of currency hedging temporarily surpassing the limits set out above. In such cases, the currency hedge will be adjusted without undue delay. It is not the intention of the Company to use the hedging arrangements to generate a further profit for the Hedged Share Classes.

Investors should note that there is no segregation of liabilities between the individual Share Classes within a Sub-Fund. Hence, there is a risk that under certain circumstances, hedging transactions in relation to a Hedged Share Class could result in liabilities affecting the Net Asset Value of the other Share Classes of the same Sub-Fund. In such case assets of other Share Classes of such Sub-Fund may be used to cover the liabilities incurred by the Hedged Share Class.

Share Classes of a Sub-Fund that are not represented with the suffix "(hedged)" are not hedged against the reference currency of that Sub-Fund and are therefore subject to currency risk exposure if such Share Classes are denominated in a currency other than the Sub-Fund’s reference currency.

A list of Share Classes with a contagion risk is available to investors, upon request, at the registered office of the Management Company and will be kept up-to-date.

## SHAREHOLDER CONFIRMATIONS

Shares will be issued in registered form. The Shares are evidenced by entries in the Company's register of Shareholders. Confirmations of shareholdings will be issued and delivered at the latest the first business day (the "**Business Day**", being a day (other than a Saturday or Sunday or a legal holiday) on which commercial banks and foreign stock exchange markets simultaneously settle payments in Luxembourg, Tokyo and the United Kingdom, or as specified in the description of the relevant Appendix) following the execution of the subscription order. Shares may be issued with fractions of up to three (3) decimals (0.001) or such other fractions as specified in the description of the relevant Appendix.

No share certificates will be delivered.

Shares may further be issued in global certificated form and shall be traded via Euroclear and Clearstream or any other approved clearing system.

## REDEMPTION OF SHARES BY THE COMPANY

All the Shares are redeemed at an unknown Net Asset Value.

Any Shareholder may request the redemption of Shares on every Dealing Date of the relevant Sub-Fund provided that such request must be received in writing by fax or letter by the Company, a distributor (as detailed in the description of the relevant Appendix) or the Registrar and Transfer Agent accompanied by the relevant Share certificates, if any, and the documents evidencing any transfer of Shares within the time limit applicable to the relevant Sub-Fund (and Share Class) as specified in the relevant Appendix. The Management Company may decide that applications for redemptions may be made by electronic file transfer. If the request is received outside this time limit, the Registrar and Transfer Agent shall defer the redemption until the following Dealing Date. The Company must accept such request and redeem the Shares so tendered, provided that the Company shall not be bound to redeem more than 10 per cent of the Net Asset Value of the relevant Sub-Fund then in issue and outstanding. Requests for the redemption of Shares received by the Company or by the Registrar and Transfer Agent are irrevocable. Any Shares redeemed by the Company will be cancelled.

A redemption charge as described in the relevant Appendix (if any) can be levied. The redemption charge may be allocated to the relevant Sub-Fund and/or the distributor, as shall be set forth in the description of the relevant Appendix. It may be waived provided that all Shareholders who have filed a redemption request for the same Dealing Date under the same circumstances are treated equally.

Redemption requests must be received by the Registrar and Transfer Agent by the date and time as set out in the relevant Appendix. Redemption requests should state the number, form, Share Class and the name of the Sub-Fund of the Shares to be redeemed as well as the necessary references enabling the payment of the redemption proceeds. Redemption proceeds will be paid not later than the Payment Date. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the redemption request.

If the Company receives requests on one Valuation Date for net redemptions (and conversions into another Sub-Fund) of more than 10% of the Net Asset Value of the relevant Sub-Fund, the Company reserves the right to postpone the complete redemption of Shares received on such Valuation Date, which exceed 10% of the Net Asset Value of the relevant Sub-Fund, until the third (3) Valuation Date following that one for Sub-Funds where the Net Asset Value is determined on every full banking day, as set out in the relevant Appendix and until the next following Valuation Date following that one for Sub-Funds where the Net Asset Value is determined on a weekly basis, as set out in the relevant Appendix. On such following Dealing Dates such requests shall be complied with in priority to later requests.

The Redemption Price to be paid by the Company for the redemption of its Shares shall be equal to the Net Asset Value per Share (see the section entitled "*Determination of Net Asset Value*") on the Dealing Date in respect of which redemption is made, less a redemption charge (if any) as specified in relevant Appendix. Subject as set out in the relevant Appendix, the Redemption Price will be rounded to two decimals and redemption proceeds will be rounded to the next currency unit. The Redemption Price shall be payable in the currency of the relevant Share Class indicated in the relevant Appendix.

The Redemption Price may be higher or lower than the subscription price paid by the Shareholder at the time of subscription/purchase depending on whether the Net Asset Value per Share has appreciated or depreciated.

The Redemption Price shall be paid within such period after the relevant Dealing Date or after the date by which the Share certificates (if issued) have been received by the Company as shall be set forth in the description of the relevant Appendix.

The Management Company shall use its best efforts to maintain an appropriate level of liquidity in its assets so that the redemption of the Shares can, under normal circumstances, be made without delay upon request by the Shareholders.

If, however, in exceptional circumstances which are outside the control of the Management Company or of the Company the liquidity of the portfolio of each Sub-Fund's assets is not sufficient to enable the payment to be made within the normal period, such payment shall be made as soon as reasonably practicable thereafter.

Shareholders should note that if an application for redemption relates to a partial redemption of an existing holding and the remaining balance within the existing holding is below the minimum holding requirement, the Company may redeem all the existing holding. The minimum holding requirement for any Share Class is indicated in the relevant Appendix.

As a result of the Luxembourg anti-money laundering laws, the Registrar and Transfer Agent shall require that a request for the redemption of Shares be accompanied by appropriate documents enabling the Registrar and Transfer Agent to check the identity of Shareholders and to complete the investors AML and KYC documentation as detailed in the subscription form. The Registrar and Transfer Agent reserves the right to delay the processing of a request until receipt of satisfactory documentary evidence or information for the purpose of compliance with applicable laws.

The Redemption Price may, upon demand by a Shareholder, and if the Company agrees, also be satisfied by allocation of securities equal in value of the Redemption Price. The securities vested by the Company in a Shareholder in lieu of the Redemption Price shall be determined as concerns their nature and type on an equitable basis and without prejudicing the interests of the other Shareholders. The value of any securities vested by the Company or contributed to the Company shall be confirmed in a valuation report by the independent auditor of the Company.

**Unless the redeeming Shareholder is registered in the Company's register of shareholders, proper evidence of transfer or assignment must be sent with the redemption request, to the Company or the Registrar and Transfer Agent or the relevant distributor (as detailed in the relevant Appendix).**

## CONVERSION OF SHARES

In principle, any Shareholder may request the conversion of all or part of his Shares of any Sub-Fund into Shares of any other existing Sub-Fund, as detailed in the relevant Appendix. Conversions into other Share Classes are possible if so specified in the relevant Appendix, it being noted that any conversion into another Sub-Fund or Share Class may only take place provided all conditions for the holding of the new Sub-Fund or Share Class are fulfilled by the relevant Shareholder. Prior to converting any Shares, Shareholders should consult with their tax and financial advisers in relation to the legal, tax, financial or other consequences of converting such Shares.

### Application for Conversions

Conversion applications shall be made in writing by fax or letter to the Registrar and Transfer Agent, a distributor (as detailed in the relevant Appendix) stating which Shares are to be converted. The Management Company may also decide that applications for conversion may be made by electronic file transfer.

The application for conversion must include (i) the monetary amount the Shareholder wishes to convert or (ii) the number of Shares the Shareholder wishes to convert, together with the Shareholder's personal details

and Shareholder's account number. Failure to provide any of the above information may result in delay of the application for conversion while verification is being sought from the Shareholder. The period of notice is the same as for applications for redemption save as otherwise set out in the relevant Appendix.

Conversions may result in the application of a conversion charge as shall be detailed in the Appendix, which will be based on the Net Asset Value per Share of the Shares the Shareholder wishes to convert from and, unless otherwise provided in the Appendix relating to the relevant Sub-Fund, goes to the Sub-Fund and/or Share Class from which they are converted. No redemption charge will be due upon the conversion of Shares. The Company may waive the conversion charge, provided that all investors having filed a conversion request for the same Dealing Date and for the same circumstances are treated equally.

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance within the existing holding is below the minimum holding requirement, the Company will convert all the existing holding.

For conversions of shares of the sub-fund SMD-AM Japan Equity High Conviction Fund, or of the SMD-AM China A Shares Fund, or of the sub-fund SMD-AM Japan Mid Small Cap Value into any other Sub-Fund, applications for conversion on any Dealing Date received by the Registrar and Transfer Agent by the deadline specified in the relevant Appendix prior to a day that is a Dealing Date for both Sub-Funds concerned will be processed on that Dealing Date based on the Net Asset Value per Share calculated on the Valuation Date relevant for such Dealing Date. Any applications received after the deadline will be processed on the next day that is a Dealing Date for both Sub-Funds concerned on the basis of the Net Asset Value per Share calculated on such Dealing Date.

For conversions of shares of the sub-fund DSBI Japan Equity Small Cap Absolute Value into any other Sub-Fund, conversion requests must be received by the Registrar and Transfer Agent or the Company no later than 4 p.m. (Luxembourg time) on the fifth Business Day prior to the relevant Dealing Date. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the conversion request.

**Conversion Formula**

The rate at which all or part of the Shares in relation to a given original Sub-Fund are converted into Shares relating to a new Sub-Fund, or all or part of the original Shares of a particular Share Class are converted into a new Share Class in relation to the same Sub-Fund, is determined in accordance with the following formula:

$$A = \frac{B \times C \times E}{D}$$

where:

A is the number of Shares to be allocated or issued by the Company in relation to the new Sub-Fund or new Share Class;
B is the number of Shares relating to the original Sub-Fund or to the original Share Class which is to be converted;
C is the Net Asset Value per Share (minus the relevant conversion charge, where applicable) of the original Sub-Fund or the relevant Share Class within the original Sub-Fund at the relevant Dealing Date;
D is the Net Asset Value per Share of the new Sub-Fund or the relevant Share Class within the new Sub-Fund at the relevant Dealing Date and
E is the exchange rate between the currency of the original Sub-Fund or Share Class and currency of the new Sub-Fund or Share Class.

After conversion of the Shares, the Registrar and Transfer Agent will inform the Shareholder of the number of Shares in relation to the new Sub-Fund or new Share Class obtained by conversion and the price thereof.

If "A" is not an integral number, fractions of Shares will be allotted in the new Sub-Fund or Share Class.

If the minimum holding requirement for any Share Class, as described in the relevant Appendix, is not maintained due to a conversion of Shares, the Company will compulsorily convert the remaining Shares at their current Net Asset Value per Share.

## SWING PRICING

A Sub-Fund may suffer a reduction in value as a result of the transaction costs (including but not limited to the bid/ask spread, transaction costs, transaction taxes and other tax related matters, market impact,) incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investment caused by subscriptions and redemptions.

In order to ensure the best interests of the Shareholders of a relevant Sub-Fund, the Company may use a swing pricing mechanism. This mechanism gives, under certain circumstances, the Board of Directors the power to adjust the Net Asset Value of a Sub-Fund up or down to mitigate the effect of transaction costs on the Net Asset Value of that Sub-Fund by significant subscriptions or redemptions.

The Company uses a partial swing pricing mechanism, meaning that if on any Valuation Date the difference between subscriptions and redemptions (represented in a percentage of a Sub-Fund's Net Asset Value), exceeds a threshold (the "**Threshold Rate**") set by the Board of Directors from time to time for the relevant Sub-Fund, the Net Asset Value of the Sub-Fund will be adjusted up or down by an amount not exceeding 2% of the Net Asset Value of a Sub-Fund under normal market conditions (the "**Adjustment Rate**").

The Adjustment Rate may be significantly higher under exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress.

The Threshold Rate is set by the Board of Directors taking into account factors such as market conditions, estimated dilution costs and the size of the relevant Sub-Fund. The Adjustment Rate for each Sub-Fund is established by the Board of Directors based on its size, the characteristics of investable securities and expected investors and may be different between Sub-Funds. Any changes in the Threshold Rate or Adjustment Rate for a Sub-Fund must be approved by the Board of Directors.

The swing pricing mechanism is applied to the capital activity at the level of a Sub-Fund and does, therefore, not address the specific circumstances of each Shareholder transaction. If the Net Asset Value is decreased pursuant to the application of the Adjustment Rate, Shareholders who redeem their Shares on that Valuation Date will effectively receive a lesser amount to offset the estimated dealing costs.

Until the Threshold Rate is triggered, no Net Asset Value adjustment is applied and the transaction costs will be borne by the Sub-Fund.

Swing pricing mechanism will not benefit the Management Company or the Portfolio Manager in any way. It is designed to treat all Shareholders of a specific Sub-Fund fairly.
From 17 November 2026, the swing pricing mechanism may be used for the sub-fund DSBI Japan Equity Small Cap Absolute Value.

**For the avoidance of doubt, it is clarified that performance fees will continue to be calculated on the basis of the unadjusted Net Asset Value.**

## SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE

The Company may temporarily suspend all calculations in relation to the Net Asset Value and/or the sale, redemption and conversion of Shares in any Sub-Fund on the occurrence of any of the following events:

(a) during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of a Sub-Fund from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of such assets;

(b) where the existence of any state of affairs which, in the opinion of the Board of Directors, constitutes an emergency or renders impracticable a disposal or valuation of the assets attributable to a Sub-Fund;

(c) during any breakdown of the means of communication or computation normally employed in determining the price or value of any of the assets attributable to a Sub-Fund;

(d) when for any other reason the prices of any constituents of the assets of a Sub-Fund cannot promptly or accurately be ascertained;

(e) where, in the opinion of the Board of Directors, circumstances which are beyond the control of the Board of Directors make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares;

(f) during any period in which the Company is unable to repatriate monies for the purpose of making payments on the redemption of Shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;

(g) in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or a Class of Shares;

(h) in case of a feeder Sub-Fund, if the net asset calculation of the Master UCITS is suspended; or

(i) in case of a merger of a Sub-Fund with another Sub-Fund of the Company or of another UCITS (or a sub-fund thereof), provided such suspension is in the interest of the Shareholders.

The Company shall suspend the sale, redemption and conversion of Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the CSSF.

Shareholders having requested redemption or conversion of their Shares or having applied to the Company for the issue of Shares shall be notified in writing of any such suspension within seven (7) days of their request and shall be promptly notified of the termination of such suspension.

A suspension of any Sub-Fund or Share Class shall have no effect on the determination of the Net Asset Value, the issue, redemption and conversion of the Shares of any other Sub-Fund or Share Class if the circumstances referred to above do not exist in respect of the other Sub-Funds or Share Classes.

## RESTRICTIONS ON OWNERSHIP OF SHARES

Investors should note however that some Sub-Funds or Share Classes may not be available to all investors.

The Company retains the right to offer only one or more Share Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason.

The Company may further reserve one or more Sub-Funds or Share Classes to Institutional Investors (within the meaning of article 174 of the 2010 Law as interpreted from time to time by the CSSF) only.

The Restriction on Ownership of Shares is described in the relevant Appendix and with regard to U.S. Persons in the section entitled "**FATCA**").

The Board of Directors have the right to require the compulsory redemption of all shares held by or for the benefit of a shareholder if the Board of Directors determine that the shares are held by or for the benefit of any shareholder who is or becomes a Prohibited Person.

Shareholders are required to notify the Company immediately if at any time they become US Persons, hold shares for the account or benefit of US Persons or otherwise become Prohibited Persons.

When the Board of Directors become aware that a shareholder (A) is a US Person or is holding shares for the account or benefit of a US Person; (B) is holding shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Company or its shareholders; or (C) has failed to provide any information or declaration required by the Board of Directors within ten (10) days of being requested to do so, the Board of Directors will either (i) direct such shareholders to redeem or to transfer the relevant shares to a person who is qualified or entitled to own or hold such shares or (ii) redeem the relevant shares.

## DIVIDENDS

The Board of Directors proposes to the general meeting of shareholders a reasonable annual dividend payment for the distributing Shares in the Sub-Fund, ensuring that the Net Asset Value does not fall below the minimum capital of the Company.

Subject to the same limitation, the Board of Directors may also pay out interim dividends.

In the case of accumulating Shares, no dividend payments are made, but the values allocated to the accumulating Shares are reinvested for the benefit of the investors holding them.

The dividend policy of each Sub-Fund and Share Class is described in the relevant Appendix.

## CREATION OF ADDITIONAL SUB-FUNDS AND SHARE CLASSES

Each Sub-Fund may issue Shares in the following main classes: Class A, Class I, Class P, Class S, Class X, Class Y and Class F. Share Classes may be made available in various currencies as the Board of Directors may decide from time to time. These Share Classes may be offered either as accumulating or distributing Shares and may be Hedged Share Classes or not. Not all Sub-Funds will offer all Share Classes. Please refer to Appendix VI for more information on the list of available Share Classes.

## LIQUIDATION, COMPULSORY REDEMPTION AND MERGERS

### Liquidation

The Company may at any time be dissolved by resolution passed at a general meeting of Shareholders of the Company. In the event the Company is being liquidated, liquidation shall be carried out by one or several liquidators who may be physical persons or legal entities appointed by the general meeting of Shareholders deciding such liquidation, which shall determine their powers and compensation.

A resolution to dissolve and liquidate the Company must be passed at a general meeting of Shareholders in accordance with the provisions of the law of 10 August 1915 on commercial companies, as amended.

The Board of Directors must forthwith convene an extraordinary general meeting of Shareholders for the purpose of deliberating on the dissolution and liquidation of the Company in case the net assets of the Company fall below two thirds of the minimum capital required by law; the decision to dissolve and liquidate the Company is validly passed without a quorum of presence by a simple majority of the Shares present or represented at the meeting. If the net assets of the Company fall below a quarter of the minimum capital required by law, the decision to dissolve and liquidate the Company is validly passed without a quorum of presence by a vote representing one quarter of the Shares present or represented at the meeting.

The liquidator(s) shall realise the assets of the Company in the best interest of the Shareholders and shall distribute the net proceeds of liquidation, after deduction of liquidation fees and expenses, to the holders of Shares in proportion to their holding of Shares on the basis of the respective Net Asset Value per Share of the relevant classes or categories of Shares.

Any amount remaining unclaimed at the close of liquidation shall be converted, to the extent legally required at that time, into Euros and deposited by the liquidator(s) for the account of those entitled thereto at the "*Caisse de Consignation*" in Luxembourg, where it shall be forfeited if unclaimed after a period of thirty (30) years.

**Compulsory Redemption**

In the event that the net value of the total assets of any Sub-Fund or Class of Shares on a given Dealing Date is for one (1) month less than the minimum net value of the total assets for the relevant Sub-Fund as specified in the relevant Appendix, or if, in the Directors' opinion, a change in the economic or political situation may be detrimental to a Sub-Fund or Share Class and the interest of the relevant Shareholders, the Board of Directors may decide to compulsorily redeem without a redemption charge all the Shares relating to the relevant Sub-Fund at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), calculated on the Dealing Date specified as the effective date for such redemption. The Company shall serve a notice to the Shareholders of the relevant Sub-Fund in writing and/or by way of publication in newspapers in accordance with the Articles of Incorporation. Such notice to Shareholders will indicate the reasons for the redemption operation. In addition, the general meeting of Shareholders of a Sub-Fund may, upon a proposal from the Board of Directors, resolve to close a Sub-Fund by way of liquidation or to redeem all the Shares relating to the relevant Sub-Fund or Class of Shares issued by a Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated on the Dealing Date at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall be validly passed by resolution by a simple majority of those Shares present or represented.

All redeemed Shares shall be cancelled and will become null and void. Upon compulsory redemptions, the relevant Sub-Fund will be closed. The last remaining Sub-Fund and/or Class of Shares may however only be liquidated and not be closed by way of a compulsory redemption.

Liquidation or redemption proceeds which may not be distributed to the relevant Shareholders upon termination will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto. If not claimed, they shall be forfeited after thirty (30) years.

**Merger**

In addition, the Board of Directors may decide, in compliance with the procedures laid down in Chapter 8 of the 2010 Law, to merge any Sub-Fund with another UCITS or a sub-fund within such UCITS (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) under the provisions of the UCITS Directive.

Such merger will be binding on the Shareholders of the relevant Sub-Fund upon thirty (30) days' prior written notice thereof given to them, during which Shareholders may redeem their Shares, it being understood that the merger will take place five (5) Business Days after the expiry of such notice period.

The request for redemption of a Shareholder during the above mentioned period will be treated without any cost, other than the cost of disinvestment.

A merger that has as a result that the Company ceases to exist needs to be decided at a general meeting of shareholders and certified by a notary. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

**Data protection**

The Company and the Management Company (the "**Controllers**") jointly process information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "**Data Subjects**". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controllers directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the "**Data**".

Detailed and up-to-date information regarding the processing of Data by the Controllers is contained in a privacy notice (the "**Privacy Notice**"). Investors and any persons contacting, or otherwise dealing directly or indirectly with any of the Controllers or their service providers in relation to the Company are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controllers in general may be addressed to Lux.Vistra.GDPR@vistra.com or to 16, rue Eugène Ruppert, L-2453 Luxembourg for the attention of Vistra Fund Management S.A. or by calling +352 42 22 29.

The Privacy Notice is available and can be accessed or obtained online (https://www.smd-am.co.uk/legal-and-compliance/fund-data-protection-notice), by calling +352 26 10 88 06 24, or upon request addressed to Lux.Vistra.GDPR@vistra.com or to 16, rue Eugène Ruppert, L-2453 Luxembourg for the attention of Vistra Fund Management S.A. The Privacy Notice is available in both paper and e-format. The Privacy Notice may also be obtained from Mr. Gilles Jacquet, the data protection officer appointed by Vistra Fund Management S.A., upon request to Da Lux.Vistra.GDPR@vistra.com or to 16, rue Eugène Ruppert, L-2453 Luxembourg for the attention of Vistra Fund Management S.A..

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing the Data; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling (if any);

- that Data will be disclosed to several categories of recipients; that certain of these recipients (the "**Processors**") are processing the Data on behalf of the Controllers; that the Processors include most of the service providers of the Controllers; and that the Processors will act as processors on behalf of the Controllers and may also process Data as controllers for their own purposes;

- that Data will be processed by the Controllers and the Processors for several purposes (the "**Purposes**") and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Company, (ii) enabling the Controllers and the Processors to perform their services for the Company, and (iii) enabling the Controllers and the Processors to comply with legal, regulatory and/or tax (including FATCA/CRS) obligations;

- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;

- that any communication (including telephone conversations) (i) may be recorded by the Controllers and the Processors and (ii) will be retained for a period of ten (10) years from the date of the recording;

- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;

- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Company;

- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with, any of the Controllers or their service providers in relation to the Company, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controllers; that they may be notified of any change to or update of the Privacy Notice by any means that the Controllers deem appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controllers any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controllers; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controllers of the Data as described herein and their

related rights; that these third-party natural persons have been informed of, and provided with, easy access to the Privacy Notice; that when notified of a change or update of the Privacy Notice they will continue this change or update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controllers harmless from and against adverse consequences arising from any breach of the foregoing.

**Prevention of money laundering and terrorist financing**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556, 15/609 and 17/650 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from occurrences of money laundering and financing of terrorism. As a result of such provisions, the register and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in the event of redemption, payment of redemption proceeds delayed. Neither the Company nor the Management Company, nor the Registrar and Transfer Agent will be held responsible for said delay or for failure to process deals resulting from not providing documentation or providing incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

In accordance with the Luxembourg law of 13 January 2019 establishing a register of beneficial owners (the "**RBO**"), as amended (the "**RBO Law**"), Shareholders are informed that the Company may need to communicate certain information to the RBO in Luxembourg. To the extent required by, and subject to the conditions of the Luxembourg AML/CFT laws and regulations, such information will be made available to certain professionals (as defined in the RBO Law) under certain conditions through the website of the RBO. This law defines beneficial owners as a reference to economic beneficiaries under the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism as the Shareholders who own more than 25% of the shares of the Company or who otherwise control the Company.

## TAX CONSIDERATIONS

The following is a general description of the law and practice currently in force in the Grand Duchy of Luxembourg in respect of the Company and the Shares as at the date of this prospectus. It does not purport to be a comprehensive discussion of the tax treatment of the Shares. Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Shares and the receipt of interest with respect to such Shares under the laws of the countries in which they may be liable to taxation. Tax rates and bases may be liable to change.

The following summary is based on the Company's understanding of the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Luxembourg.

### The Company

The Company is subject to Luxembourg tax jurisdiction. Under Luxembourg law and the current practice, the Company is not subject to taxation on its income, profits or capital gains. The Company is not subject to net wealth tax in Luxembourg. No stamp duty, capital duty or other tax will be payable in Luxembourg on the issue of Shares.

The Sub-Funds are, nevertheless, in principle, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on their net asset value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% per annum is however applicable to any Sub-Fund whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to any Sub-Fund or Share Class provided that their shares are only held by one or more institutional investors within the meaning of article 174 of the 2010 Law (an "Institutional Investor").

A subscription tax exemption applies to:

- The portion of any Sub-Fund's assets (prorata) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject to the subscription tax;
- Any Sub-Fund (i) whose securities are only held by Institutional Investor(s), and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed ninety (90) days, and (iv) that have obtained the highest possible rating from a recognised rating agency. If several Share Classes are in issue in the relevant Sub-Fund meeting (ii) to (iv) above, only those Share Classes meeting (i) above will benefit from this exemption;
- Any Sub-Fund, whose main objective is the investment in microfinance institutions; and
- Any Sub-Fund, (i) whose securities are listed or traded on a stock exchange and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Share Classes are in issue in the relevant Sub-Fund meeting (ii) above, only those Share Classes meeting (i) above will benefit from this exemption;
- Any Sub-Fund only held by pension funds and assimilated vehicles.

Withholding tax

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for an exemption from, or a reduction in the rate of withholding tax.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

### The Shareholders

Under Luxembourg law and current practice, shareholders in Luxembourg are not subject to capital gains tax, income tax, gifts tax, inheritance tax or other taxes (with the exception of Shareholders domiciled or resident or having their permanent establishment or permanent representative in Luxembourg to which the Shares are attributable).

It is the responsibility of the Shareholders to seek advice on taxes and other consequences which may result from the subscription, ownership return (redemption), conversion and transfer of Shares, including any regulations regarding the control on the movement of capital.

## CHARGES OF THE COMPANY

### Management Company Fee

The Management Company is entitled to receive from each Share Class within each Sub-Fund a fee on the basis of the average Net Asset Value over the relevant period. The Management Company Fee to be levied for each Sub-Fund or Share Class is specified in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

**Investment Management Fee**

The Portfolio Manager will be paid directly by the respective Sub-Fund(s) a fee on the basis of the Net Asset Value, the amount of which is specified for each Share Class of each Sub-Fund in the relevant Appendix. The actual amounts of these fees are disclosed in the financial reports.

**Investment Adviser Fee**

The Investment Adviser (if any) will be paid directly by the respective Sub-Fund(s) a fee, the amount of which is specified for each Share Class of each Sub-Fund in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

**Performance Fee**

In order to provide an incentive to the relevant Portfolio Manager and/or Investment Adviser, the Company may pay an additional performance fee as indicated in the relevant Sub-Fund Appendix. The amount of the Performance Fee will be calculated by the Administrative Agent. The performance fee (if applicable) shall be calculated and accrue and shall be payable as specified in the relevant Sub-Fund Appendix. For the purposes of the first calculation of the Performance Fee, the starting point for the relevant Net Asset Value per Share of each relevant Share Class is the Initial Offering Price. The actual amounts of these fees are disclosed in the financial reports.

**Registrar and Transfer Agent Fee and Administrative Agent Fee**

The Company pays monthly fees for the services for Registrar and Transfer and Administrative Agent Services as indicated in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports. In addition, the Company pays out of the assets of the relevant Sub-Fund all reasonable out-of-pocket expenses, disbursements and for the charges, and CRS/FATCA and other tax reporting services.

**Depositary and Paying Agent Fee**

The Depositary is entitled to receive out of the assets of the Company a fee calculated in accordance with customary banking practice in Luxembourg and as detailed for each Sub-Fund in the relevant Sub-Fund Appendix. In addition, the Depositary is entitled to be reimbursed out of the assets of the relevant Sub-Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The fees are indicated in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

**Launch costs**

The Company will pay its formation expenses, including the costs and expenses of producing the initial Prospectus, and the legal and other costs and expenses incurred in determining the structure of the Company, which formation expenses are expected not to exceed EUR 100,000 (excluding Tax). These expenses will be paid by the initial Sub-Fund and amortised for accounting purposes over a period of five (5) years. Amortised expenses may be shared with new Sub-Funds at the discretion of the Board. Costs in relation to the launch of any additional Sub-Fund will be charged to such additional Sub-Fund and will be amortised over a period of five (5) years from the launch of the relevant Sub-Fund.

**Other expenses**

The Company will further pay all administrative expenses of the Company due or accrued, including all fees payable to any member of the Board of Directors, representatives and agents of the Company, the cost of its registration with regulatory authorities, as well as legal, audit, management, corporate fees and expenses, governmental charges, the cost of legal publications, prospectuses, financial reports and other documents made available to Shareholders, marketing and advertisement expenses and generally any other expenses arising from the administration of the Company. All expenses are accrued on each Valuation Date in determining the Net Asset Value and are charged first against income.

In the annual report the costs incurred in the management of the Company within the period under report and charged to the Company (excluding transaction costs) are disclosed and reported as a ratio of the average Company volume ("**total expense ratio**" – TER).

**Returning management fees received to certain investors and derivative transactions charges**

At its sole discretion, the Portfolio Manager may agree with individual investors to partially return the investment management fee already received to such investors. This applies especially if institutional investors invest large amounts directly and on a long-term basis.

The Company or the Management Company may avail itself of derivative transactions and collateral for derivative transactions originating from the services of third parties. In such cases, these third parties shall collectively receive a fee at the market rate charged to the respective Sub-Fund. The Company or the Management Company may charge the Fund, a Sub-Fund or one or several share classes a lower fee at their own discretion, or indeed exempt the latter from such a fee. The derivative transactions fees shall not be covered by the management fee and shall, as such, be charged to the Fund/Sub-Fund additionally. The Company states the fees charged to these third parties, and for all share classes, in the annual and semi-annual reports.

## REPORTS AND SHAREHOLDERS' MEETINGS

The Company shall make available to the Shareholders within four (4) months of the relevant year-end an audited annual report describing the assets, operations and results of the Company, and, within two (2) months of the relevant half-year, it shall make available to the Shareholders an unaudited semi-annual report describing the assets and operations of the Company during such period. The financial year of the Company starts on 1 April and ends on 31 March of each year.

The reference currency of the Company is the EUR.

The Net Asset Value, the Redemption Price and the Issue Price of each Class of Shares will be available (save as set out in the relevant Appendix) on or before the payment date (the "**Payment Date**", as specified in the relevant Sub-Fund Appendix) in Luxembourg at the registered offices of the Company, the Depositary and the Paying Agent. The Company reserves the right to introduce a list of media in which this information is published. The list of media (if any) from time to time selected by the Company will appear in the annual and semi-annual reports. The annual report and all other periodical reports of the Company are made available to the Shareholders at the registered offices of the Company and the Depositary.

Shareholders' meetings will be convened in accordance with Luxembourg law. The annual ordinary meeting of Shareholders will be held within six (6) months from the end of each accounting year. Other general meetings of Shareholders will be held at such time and place as indicated in the notices of such meetings.

Notices of general meetings of Shareholders are sent in accordance with Luxembourg law to the Shareholders at their addresses in the Share register. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum and majorities at all General Meetings will be those laid down in the Articles of Incorporation. All other Notices will be sent to Shareholders by post.

## APPLICABLE LAW, JURISDICTION

Any legal disputes between the Company, the investors, the Depositary and paying agent, the Management Company, the domiciliary, the administrative, registrar and transfer agent, the Portfolio Manager and any distribution agents will be subject to the jurisdiction of the Grand-Duchy of Luxembourg. The applicable law is Luxembourg law. However, the above entities may, in relation to claims from investors from other countries, accept the jurisdiction of those countries in which Shares are offered and sold.

## GENERAL INFORMATION

The following documents are available for inspection at the registered office of the Company:

- the Prospectus;

- the Articles of Incorporation;
- the Management Company Agreement;
- the PRIIPS KIDs;
- the Portfolio Management Agreement(s);
- the Sub-Portfolio Management Agreement(s);
- the Depositary and Paying Agency Agreement;
- the Transfer- Registrar, Domiciliary and Corporate Agent Agreement; and
- the annual and semi-annual report (if any).

Copies of the Articles of Incorporation and the last available reports can be obtained free of charge at the registered office of the Company.

Any legal disputes arising among or between the Shareholders, the Company and the Management Company / the Depositary shall be subject to the jurisdiction of the competent court in Luxembourg, provided that the Company may submit itself to the competent courts of such countries where required by regulations for the registration of Shares for offer and sale to the public with respect to matters relating to subscription and redemption, or other claims related to their holding by residents in such country or which have evidently been solicited from such country. Claims of Shareholders against the Company or the Depositary shall lapse five (5) years after the date of the event giving rise to such claims (except that claims by Shareholders on the proceeds of liquidation to which they are entitled shall lapse only thirty (30) years after these shall have been deposited at the *Caisse de Consignation* in Luxembourg).

**The Company hereby informs investors that an investor can only directly exercise its investor rights in their entirety vis-à-vis a UCITS if the investor itself is registered under its own name in the shareholder register of the UCITS. If an investor has invested in a UCITS through an intermediary that makes the investment in its own name for the account of the investor, (i) the investor may not be able to directly exercise all investor rights vis-à-vis the UCITS, and (ii) investors' rights to indemnification in the event of NAV errors / non-compliance with investment rules applicable to a UCITS may be impacted and only exercisable indirectly. It is recommended that investors inform themselves of their rights**.

# APPENDIX I

to the Prospectus of

**SMD-AM Funds**

relating to the Sub-Fund

**DSBI Japan Equity Small Cap Absolute Value**

(the "**DSBI Japan Equity Small Cap Absolute Value**" or the "**Sub-Fund**")

dated February 2024

Information provided in this Appendix should be read in conjunction with the full text of the Prospectus.

| **Sub-Fund name** | **DSBI Japan Equity Small Cap Absolute Value, a Sub-Fund of the SMD-AM Funds** |
|---|---|
| **Fund currency** | **JPY** |
| **Investment objective** | The Sub-Fund aims to maximise total return over the medium-to-long term by adopting a distinctive value-biased active investment style by looking for investment opportunities in undervalued, small-and-micro-cap companies with sustainable growth potential. The Sub-Fund is managed on an absolute/total return basis and not relative to any benchmarks, hence not looking to be managed on a relative return basis.<br><br>**No assurance can be given that the investment objective will be achieved.** |
| **Benchmark** | The Sub-Fund is actively managed but uses the Russell/Nomura Small Cap Index with Dividend as a reference for performance comparison. The investments of the Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark. |
| **Investment principles** | The Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese small-and-micro-cap equity securities which constitute "equity participation" within the meaning of Section 2 Paragraph 8 of the German Investment Tax Act (2018). The remaining part of the portfolio can be invested in money market instruments for investment purposes.<br><br>**Individual securities level**<br>No set limit but the weight will be up to circa 5%.<br><br>There is no minimum weighting and shorting is not allowed.<br><br>**Sector level**<br>No set limit.<br><br>The Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight), however, the Sub-Fund is typically managed on a fully invested basis with circa 3% of the net assets of the Sub-Fund invested held in cash deposits at sight. Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and deposits at sight (such as cash held in current accounts).<br><br>Currency positions may be established to hedge foreign currency exposure in relation to the relevant share classes to minimise any fluctuations between the base currency and the currency of the appropriate Sub-Fund. |
| **Investor profile** | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable means to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon. |

| | |
|---|---|
| **Risks with effects on the price performance of the Sub-Fund** | **Concentration risk**<br>**Country risk**<br>**Currency risk**<br>**Price risk due to interest rate changes**<br>**Company-specific risks**<br>**Small capitalisation companies risk** |
| **Management Company** | Vistra Fund Management S.A. |
| **Depositary** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Administrative Agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Registrar and transfer agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Paying agent in Luxembourg** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Portfolio Manager** | Sumitomo Mitsui DS Asset Management (UK) Limited; London |
| **Sub-Portfolio Manager** | Sumitomo Mitsui DS Asset Management Company, Limited; Tokyo |
| **Valuation Date** | Every Tuesday, which is a full banking day and simultaneously a stock exchange day in Luxembourg, London and Tokyo. If the conditions in the preceding sentence are not met, then the Valuation Date shall be the next full banking day, which is simultaneously a stock exchange day in Luxembourg, London and Tokyo. |
| **Cut-off time for subscription** | No later than 4 p.m. (Luxembourg time) on the Business Day prior to the relevant Dealing Date. |
| **Cut-off time for redemption** | No later than 4 p.m. (Luxembourg time) on the fifth ($5^{th}$) Business Day prior to the relevant Dealing Date. |
| **Payment of the issue and redemption prices** | within two (2) Business Days after the Valuation Date |
| **Financial Year** | 1 April to 31 March |
| **Sub-Fund term** | Unlimited |
| **Share classes** | The Sub-Fund offers Class I, Class P, Class S and Class A Shares of various currencies. Some Share Classes used in currencies other than the reference currency of the Sub-Fund will be Hedged Share Classes.<br><br>The share classes I are only open to institutional investors. The share class A is open to all investors other than institutional investors. |
| **Initial Issue Price (excluding front-end load)** | JPY 10,000 or the equivalent in other currencies.<br>EUR 100 for share class S. |
| **Minimum investment amount for share class "I" and "P"** | JPY 30,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "I" and "P"** | JPY 6,000,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "S"** | EUR 30,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "S"** | EUR 50,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A"** | JPY 200,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |

| | |
|---|---|
| **Subsequent investment for share class "A"** | JPY 100,000 or the equivalent in other currencies. |
| **Front-end load currently applicable for share class "I" "P" and "S"** | Up to 5.0% |
| **Front-end load currently applicable for share class "A"** | up to 5.0% |
| **Launch date of the first Share class/ activation date and place of launch in Luxembourg** | 27 February 2017 |
| **Subscription period** | None |
| **Exchange commission** | Where different share classes are offered within the Sub-Fund, an exchange of shares from one share class for shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged. |
| **Management Company Fee for share class "I", "P", "S" and "A"** | up to 0.05% p.a. of the net asset value of the Sub-Fund, minimum EUR 30,000 p.a. |
| **Investment Management Fee for share class "S"** | up to 0.50% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "I" and "P"** | up to 0.80% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "A"** | up to 1.20% p.a. of the net asset value of the share class |
| **Depositary and Paying Agency Fee** | up to 0.04% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Registrar and Transfer and Administrative Agency Fee** | up to 0.08% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Risk-Management - Procedure** | Commitment Approach in accordance with CSSF Circular 11/512 |
| **Currency risks in the event of redemption or exchange of shares** | Shares are denoted in different currencies. For investors who transact investments from a respective different currency there is a currency risk. |
| **Distribution Policy** | Please refer to APPENDIX VI – Currently launched Share Classes for more information on distribution policy. |

**DERIVATIVES**

The Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, CSSF Circulars (the "**Regulations**"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps),

forward foreign currency contracts and credit linked notes. New financial derivative instruments may be developed which may be suitable for use by the Sub-Fund. The Sub-Fund may employ such financial derivative instruments in accordance with the Regulations. Market risk potential may not exceed up to 200%.

## PORTFOLIO MANAGER

The Management Company has delegated the Investment management of the Sub-Fund to Sumitomo Mitsui DS Asset Management (UK) Limited.

Sumitomo Mitsui DS Asset Management (UK) Limited, was founded to offer investment management and advisory services to institutional and professional investors. It is a limited liability company incorporated and existing under the laws of England and Wales having its registered office at 100 Liverpool Street, London EC2M 2AT, United Kingdom and registered with the Companies House under Registration Number 1660184 and authorised and regulated by the Financial Services Authority under Registration Number 115126.

## SUB-PORTFOLIO MANAGER

The Portfolio Manager has, with the approval of the Management Company, appointed Sumitomo Mitsui DS Asset Management Company, Limited, Tokyo, as sub-portfolio manager for the Sub-Fund.

Sumitomo Mitsui DS Asset Management Company, Limited is one of the largest asset management companies in Japan. Its principal office is located in Tokyo, Japan and registered as a Financial Instruments Business Operator engaged in the Investment Management Business, Investment Advisory and Agency Business and Type II Financial Instruments Business (Kanto Local Financial Bureau (KINSHO) No. 399). The company is also registered with the Securities and Exchange Commission (SEC) (No.801-15948) as an investment advisor.

## FEES AND EXPENSES

### Management Company Fee charged to Sub-Fund assets

The remuneration of the Management Company shall be calculated on each Valuation Date and paid to the Management Company monthly.

### Portfolio Management Fee charged to Sub-Fund assets

The remuneration of the Portfolio Manager shall be calculated on each Valuation Date and paid to the Portfolio Manager monthly. The Sub-Portfolio Manager may receive a fee out of the Portfolio Management Fee.

### Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer and Administrative Agency Fee, fee charged to Sub-Fund assets

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-Fund assets separately.

## RISK MANAGEMENT PROCESS

### The Commitment Approach method of calculation is used for the Company.

In the "**Commitment Approach**", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the Sub-Fund's portfolio.

# APPENDIX II

to the Prospectus of
**SMD-AM Funds**
relating to the Sub-Fund
**SMD-AM Japan Equity High Conviction Fund**
(the "**SMD-AM Japan Equity High Conviction Fund**" or the "**Sub-Fund**")
Dated March 2024

Information provided in this Appendix should be read in conjunction with the full text of the Prospectus.

| | |
|---|---|
| **Sub-Fund name** | **SMD-AM Japan Equity High Conviction Fund,**<br>**a Sub-Fund of the SMD-AM Funds** |
| **Fund currency** | **JPY** |
| **Investment objective** | The Sub-Fund aims to maximise total return over the medium-to-long term by focusing on fundamentals and concentrate investments on stocks that differ significantly between strategy's analysis and market expectations.<br><br>**No assurance can be given that the investment objective will be achieved.** |
| **Benchmark** | The Sub-Fund is actively managed but uses the TOPIX Total Return Index as a reference for performance comparison.<br><br>The investments of the Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark.<br><br>The Sub-Fund's target return is the benchmark + 5%. |
| **Investment Principles** | The Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese equity securities which constitute "equity participation" within the meaning of Section 2 Paragraph 8 of the German Investment Tax Act (2018). The remaining part of the portfolio can be invested in money market instruments for investment purposes.<br><br>More information relating to the environmental and/or social characteristics that the Sub-Fund promotes according to article 8 SFDR is provided in the annex to this Appendix II.<br><br>**Individual securities level**<br>The maximum weight of a single issue is 10%.<br>There is no minimum weighting and shorting is not allowed.<br><br>**Sector level**<br>No set limit.<br><br>**Number of holdings**<br>Around 30<br><br>The Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and deposits at sight (such as cash held in current accounts).<br><br>Currency positions may be established to hedge foreign currency exposure in relation to the relevant share classes to minimise any fluctuations between the base currency and the currency of the appropriate Sub-Fund. |

| | |
|---|---|
| **Investor profile** | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable means to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon. |
| **Risks with effects on the price performance of the Sub-Fund** | **Concentration risk**<br>**Country risk**<br>**Currency risk**<br>**Price risk due to interest rate changes**<br>**Company-specific risks**<br>Timing difference of securities trading |
| **Management Company** | Vistra Fund Management S.A. |
| **Depositary** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Administrative Agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Registrar and transfer agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Paying agent in Luxembourg** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Portfolio Manager** | Sumitomo Mitsui DS Asset Management (UK) Limited; London |
| **Sub-Portfolio Manager** | Sumitomo Mitsui DS Asset Management Company, Limited; Tokyo |
| **Valuation Date** | Every full banking day, which is a full banking day and simultaneously a stock exchange day in Luxembourg, London and Tokyo. |
| **Cut-off time for subscription** | No later than 1 p.m (Luxembourg time) on the applicable Dealing Date |
| **Cut-off time for redemption** | No later than 1 p.m (Luxembourg time) on the applicable Dealing Date |
| **Payment of the issue and redemption prices** | Within three (3) Business Days after the Valuation Date |
| **Financial Year** | 1 April to 31 March |
| **Sub-Fund term** | Unlimited |
| **Share classes** | The Sub-Fund offers Class I, Class S, Class P (Class S and P are only open to new investors until their combined AUM reaches USD100 million, after which further subscriptions will be limited to existing investors, at the discretion of the Directors and any conditions they set), Class A, Class X, Class Y and Class A2 Shares of various currencies. Some Share Classes used in currencies other than the reference currency of the Sub-Fund will be Hedged Share Classes.<br>The share classes I, S, Y and P are only open to institutional investors. The share class A and A2 are open to all investors other than institutional investors. The share class X is only open to investors approved by the Board. |
| **Initial Issue Price (excluding front-end load) for share class "I", "I2" "S", "A", "P" and "A2"** | JPY 10,000 or the equivalent in other currencies. |
| **Initial Issue Price (excluding front-end load) for share class "X"** | USD 100 or the equivalent in other currencies. |
| **Initial Issue Price for share class "Y"** | JPY 10,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "I" and "I2"** | JPY 30,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "I" and "I2"** | JPY 6,000,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "S" and "P"** | JPY 30,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "S" and "P"** | JPY 6,000,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A"** | JPY 200,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |

| | |
|---|---|
| **Subsequent investment for share class "A"** | JPY 100,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A2"** | JPY 1 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "A2"** | JPY 1 or the equivalent in other currencies. |
| **Minimum investment amount for share class "X"** | JPY 300,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "X"** | JPY 200,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "Y"** | JPY 1,500,000,000 or the equivalent in other currencies. |
| **Subsequent investment for share class "Y"** | JPY 15,000,000 or the equivalent in other currencies. |
| **Front-end load currently applicable for share class "I", "I2", "S", "A", "X", "P", and "A2"** | Up to 5.0% |
| **Launch date of the first Share class/ activation date and place of launch in Luxembourg** | 13 February 2018 |
| **Subscription period** | None |
| **Exchange commission** | Where different share classes are offered within the Sub-Fund, an exchange of shares from one share class for shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged. |
| **Management Company Fee for share class "I", "I2", "S", "A", "X", "P", "Y" and "A2"** | up to 0.05% p.a. of the net asset value of the Sub-Fund, minimum EUR 30,000 p.a. |
| **Investment Management Fee for share class "S" and "P"** | up to 0.45% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "I" and "I2"** | up to 0.70% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "A" and "A2"** | up to 1.20% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "X"** | up to 0.45% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "Y"** | up to 0.55% p.a. of the net asset value of the share class |
| **Depositary and Paying Agency Fee** | up to 0.04% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Registrar and Transfer and Administrative Agency Fee** | up to 0.08% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Risk-Management -Procedure** | Commitment Approach in accordance with CSSF Circular 11/512 |
| **Currency risks in the event of redemption or exchange of shares** | Shares are denoted in different currencies. For investors who transact investments from a respective different currency there is a currency risk. |
| **Distribution Policy** | Please refer to APPENDIX VI – Currently launched Share Classes for more information on distribution policy. |

## DERIVATIVES

The Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, CSSF Circulars (the "**Regulations**"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. New financial derivative instruments may be developed which may be suitable for use by the Sub-Fund. The Sub-Fund may employ such financial derivative instruments in accordance with the Regulations. Market risk potential may not exceed up to 200%.

## PORTFOLIO MANAGER

The Management Company has delegated the Investment management of the Sub-Fund to Sumitomo Mitsui DS Asset Management (UK) Limited.

Sumitomo Mitsui DS Asset Management (UK) Limited, was founded to offer investment management and advisory services to institutional and professional investors. It is a limited liability company incorporated and existing under the laws of England and Wales having its registered office at 100 Liverpool Street, London EC2M 2AT, United Kingdom and registered with the Companies House under Registration Number 1660184 and authorised and regulated by the Financial Services Authority under Registration Number 115126.

## SUB-PORTFOLIO MANAGER

The Portfolio Manager has, with the approval of the Management Company, appointed Sumitomo Mitsui DS Asset Management Company, Limited, Tokyo, as sub-portfolio manager for the Sub-Fund.

Sumitomo Mitsui DS Asset Management Company, Limited is one of the largest asset management companies in Japan. Its principal office is located in Tokyo, Japan and registered as a Financial Instruments Business Operator engaged in the Investment Management Business, Investment Advisory and Agency Business and Type II Financial Instruments Business (Kanto Local Financial Bureau (KINSHO) No. 399). The company is also registered with the Securities and Exchange Commission (SEC) (No.801-15948) as an investment advisor.

## FAIR VALUATION PRICING MODEL

As from 16 July 2026, the Company will introduce a fair valuation pricing model ("**Fair Valuation Pricing Model**") to support having a dealing cut-off time subsequent to the closure of the underlying equity market.

The Company utilises pricing inputs and related data from an independent and globally recognised provider, and such inputs are used as one component of the process, together with other information and sources, in determining the fair value of the Sub-Fund's assets. The provider supplies pricing inputs and related data only and does not participate in or assume responsibility for the determination of the fair value of the Sub-Fund's assets or for the valuation process.

The pricing provider will apply modelling techniques to allow them to price each underlying stock in the 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.to include in the Sub-Fund's 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.

## FEES AND EXPENSES

### Management Company Fee charged to Sub-Fund assets

The remuneration of the Management Company shall be calculated on each Valuation Date and paid to the Management Company monthly.

### Portfolio Management Fee charged to Sub-Fund assets

The remuneration of the Portfolio Manager shall be calculated on each Valuation Date and paid to the Portfolio Manager monthly. The Sub-Portfolio Manager may receive a fee out of the Portfolio Management Fee.

### Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer and Administrative Agency Fee, fee charged to Sub-Fund assets

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-Fund assets separately.

## RISK MANAGEMENT PROCESS

**The Commitment Approach method of calculation is used for the Company.**

In the "**Commitment Approach**", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the Sub-Fund's portfolio.

# APPENDIX III

to the Prospectus of

**SMD-AM Funds**

Relating to the Sub-Fund

**SMD-AM China A Shares Fund**

**(the "SMD-AM China A Shares Fund" or the "Sub-Fund")**

dated March 2024

Information provided in this Appendix should be read in conjunction with the full text of the Prospectus.

| **Sub-Fund name** | **SMD-AM China A Shares Fund,**<br>**A Sub-Fund of the SMD-AM Funds** |
|---|---|
| **Fund currency** | **USD** |
| **Investment Objective** | The Sub-Fund aims for long-term growth of its assets through investment in equity and equity related securities of Chinese companies predominantly listed and traded on China A Shares Equity Markets of the People's Republic of China ("PRC") ("China A Shares").<br><br>**No assurance can be given that the investment objective will be achieved.** |
| **Benchmark** | The Sub-Fund is actively managed but uses the MSCI China A Onshore NR USD as a benchmark for market comparison purposes. The investments of the Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark. |
| **Investment principles** | The Sub-Fund may invest up to 100% of its net assets in China A Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations which apply to both of these markets. The Sub-Fund may also invest in China A Shares through the Qualified Foreign Investor ("QFI") program.<br><br>The China A Shares targeted are issued by companies without restriction on market capitalisation or the sector they are operating in (except for tobacco, coal mining and coal power generation). The China A Shares targeted may also be listed on the ChiNext Board (generally no more than 10%) and/or STAR Board (generally no more than 5%).<br><br>The Sub-Fund is typically managed with the aim of being fully invested in China A Shares.<br><br>The Sub-Fund may invest up to 10% of its net assets in units or shares of UCITS and/or other eligible UCIs.<br><br>The remaining part of the portfolio if any can be invested in money market instruments for investment purposes.<br><br>The Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and deposits at sight (such as cash held in current accounts).<br><br>More information relating to the environmental and/or social characteristics that the Sub-Fund promotes according to article 8 SFDR is provided in the annex to this Appendix III.<br><br>**Individual securities level**<br>The maximum weight of a single issuer is 10%. |

| | |
|---|---|
| | Currency positions may be established to hedge foreign currency exposure in relation to the relevant share classes to minimise any fluctuations between the base currency and the currency of the appropriate Sub-Fund. |
| **Investor profile** | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable means to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon. |
| **Risks with effects on the price performance of the Sub-Fund** | **Concentration risk**<br>**Country risk**<br>**Currency risks**<br>**Price risk due to interest rate changes**<br>**Company-specific risks** |
| **Risks pertaining to China Investment** | **Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**<br><br>The Sub-Fund may invest in China A Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes subject to any applicable regulatory limits. The Shanghai-Hong Kong Stock Connect program is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. This program will allow foreign investors to trade certain SSE listed China A Shares through their Hong Kong based brokers. The Shenzhen-Hong Kong Stock Connect is a similar cross-boundary investment channel, however it connects the Shenzhen Stock Exchange (“SZSE”) with HKEx. Again, it provides mutual stock market access between mainland China and Hong Kong and broadens the range of China A Shares that international investors can trade.<br><br>The Sub-Fund seeks to invest in the domestic securities markets of the PRC and may use both the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes, in addition to the Qualified Foreign Investor (“QFI”) and, thus, are subject to the following additional risks:<br><br>General Risk:<br>The relevant regulations are untested and subject to change which may have potential retrospective effect. There is no certainty as to how they will be applied which could adversely affect the Sub-Fund. The programmes require use of new information technology systems which may be subject to operational risk due to their cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong and Shanghai or Shenzhen (as the case may be) markets through the programmes could be disrupted.<br><br>Clearing and Settlement Risk:<br>The HKSCC and ChinaClear have established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.<br><br>Legal/Beneficial Ownership:<br>Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local central securities depositaries, HKSCC and ChinaClear. |

| | |
|---|---|
| | As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities would have full ownership thereof, and that those Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Sub-Fund and the Depositary cannot ensure that the Sub-Fund's ownership of these securities or title thereto is assured.<br><br>To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Sub-Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Sub-Fund suffers losses resulting from the performance or insolvency of HKSCC.<br>In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Sub-Fund may not fully recover its losses or its Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities and the process of recovery could also be delayed.<br><br>Operational Risk:<br>The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, pre-delivery of shares are required to the broker, increasing counterparty risk. Because of such requirements, the Sub-Fund may not be able to purchase and/or dispose of holdings of China A Shares in a timely manner.<br><br>The HKEx introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account ("SPSA") in the Central Clearing and Settlement System to maintain its holdings in Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities. An investor only needs to transfer Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities from its SPSA to its designated broker's account after execution and not before placing the sell order. This enhanced model is novel and initial market reaction is varied. If the Sub-Fund is unable to utilise this model, it would have to deliver Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities to brokers before the trading day and the above risks may still apply.<br><br>Quota Limitations:<br>The program is subject to daily quota which does not belong to the Sub-Fund and can only be utilised on a first-come-first serve basis and such limitations may restrict the Sub-Fund's ability to invest in China A Shares through the program on a timely basis.<br><br>Investor Compensation: The Sub-Fund will not benefit from the China Securities Investor Protection Fund for its investments through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes. |

| | |
|---|---|
| | Suspension Risk:<br>Where a suspension in the trading through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect is effected, the Sub-Fund's ability to invest in China A Shares will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.<br><br>Differences in Trading Days:<br>Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will only operate on days when both the respective PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Sub-Fund cannot carry out any China A Shares trading. The Sub-Fund may be subject to risks of price fluctuations in China A Shares during the time when the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect are not trading as a result.<br><br>**Risks Associated with the Investment in Stocks Listed on the ChiNext Board of SZSE and/or the Science and Technology Innovation Board ("STAR Board") of the SSE**<br><br>The Sub-Fund may invest in stocks listed on the ChiNext Board of the SZSE via the Shenzhen-Hong Kong Stock Connect and/or the STAR Board via the Shanghai-Hong Kong Stock Connect. Investments in stocks listed on the ChiNext Board and/or STAR Board may result in significant losses for the Sub-Fund and its investors. The following additional risks apply:<br><br>Higher Fluctuation on Stock Prices and Liquidity Risk:<br>Listed companies on the ChiNext Board and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext Board and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, stocks listed on ChiNext Board and STAR Board may have limited liquidity, compared to those listed on other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.<br><br>Over-valuation Risk:<br>Stocks listed on the ChiNext Board and/or STAR Board may be given a higher valuation and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.<br><br>Differences in Regulations Applicable to ChiNext Board and STAR Board:<br>The rules and regulations regarding companies listed on ChiNext Board and STAR Board are less stringent in terms of profitability and share capital than those on the main board.<br><br>Delisting Risk:<br>It may be more common and faster for companies listed on the ChiNext Board and/or STAR Board to delist. In particular, ChiNext Board and STAR Board have stricter criteria for delisting compared to other boards. This may have an adverse impact on the Sub-Fund if the companies that they invest in are delisted.<br><br>• Investments in RMB-denominated shares (Shanghai A-shares and Shenzhen A-shares) are subject to restrictions under the QFI (Qualified Foreign Investor) Program. Under exceptional circumstances, redemptions or dividend payments may not proceed as expected owing to exchange controls and restrictions that are applicable to RMB. In these circumstances, the acceptance of applications for redemption may be suspended or applications for redemption that have already been accepted may be cancelled due to an anticipated shortage of funds. |

| | |
|---|---|
| | • A corporate income tax of 10% is levied on income gains earned from stock dividends and interest in the PRC. The State Administration of Taxation of the People's Republic of China and the China Securities Regulatory Commission (CSRC) announced that capital gains from the transfer of shares and other assets are temporarily exempt from such taxes from 17 November 2014. If the aforementioned tax is imposed in the future, the Sub-Fund may become subject to substantial taxation.<br><br>• Many of China's securities-related laws and regulations have been enacted in recent years and there can be no guarantee there will not be further revisions or new laws, regulations or practices introduced in the future that may be applied retrospectively. The enactment of such new laws or regulations may work to the advantage or disadvantage of the shareholders.<br><br>• In the event that a brokerage company's QFI status is revoked by the Chinese government authorities, investment in RMB-denominated shares (Shanghai A-shares and Shenzhen A-shares) will take place using the Stock Connect.<br><br>**RMB - The Onshore Market and the Offshore Market**<br><br>RMB as a currency is traded both onshore in the PRC (the "Onshore Market") and (relative to the PRC) offshore, primarily in Hong Kong (the "Offshore Market"). As a result of the controls on cross border transfers of RMB between Hong Kong and the PRC, the Onshore Market and the Offshore Market are, to an extent, segregated, and each such market may have different demand and supply conditions that are applicable to the RMB.<br><br>RMB that is traded within the Onshore Market (referred to by its currency code "CNY") may therefore trade at a different foreign exchange rate compared to RMB which is traded within the Offshore Market (as distinguished from CNY by its currency code "CNH"). The Sub-Fund's investments may be exposed to the prevailing values (and the difference in prevailing values) between the CNY and the CNH. Consequently, the Sub-Fund may be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the RMB at the rate of exchange for the CNH).<br><br>Renminbi related risks<br><br>RMB is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. There are currently no repatriation limits that affect the Sub-Fund. If such policies change in future, the Sub-Fund's or the shareholders'' position may be adversely affected. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends paid by the Sub-Fund or sale proceeds into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.<br><br>Onshore versus offshore Renminbi differences risk<br><br>While both onshore Renminbi ("CNY") and offshore Renminbi ("CNH") are the same currency, they are traded in different and separated markets. CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of Renminbi held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. Investors should note that:<br><br>(i) subscriptions and redemptions of shares may be converted to/from CNH and the investors will bear the forex expenses associated with such |

| | |
|---|---|
| | conversion and the risk of a potential difference between the CNY and CNH rates; and<br><br>(ii) the liquidity and trading price of the Sub-Fund may also be adversely affected by the rate and liquidity of Renminbi outside the PRC. |
| **Management Company** | Vistra Fund Management S.A. |
| **Depositary** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Administrative Agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Registrar and transfer agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Paying agent in Luxembourg** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Portfolio Manager** | Sumitomo Mitsui DS Asset Management (UK) Limited; London |
| **Sub-Portfolio Manager** | Sumitomo Mitsui DS Asset Management Company, Limited; Tokyo |
| **Valuation Date** | Every full banking day in Luxembourg, and Tokyo and simultaneously a stock exchange day in Shanghai, Shenzhen, Hong Kong, except non-working days of Northbound transactions in the Stock Connect |
| **Cut-off time for subscription** | No later than 4 pm (Luxembourg time) on the Business Day prior to the relevant Dealing Date |
| **Cut-off time for redemption** | No later than 4 pm (Luxembourg time) on the Business Day prior to the relevant Dealing Date |
| **Payment of the issue and redemption prices** | Issue: within two (2) Business Days after the Valuation Date<br>Redemption: within four (4) Business Days after the Valuation Date |
| **Financial Year** | 1 April to 31 March |
| **Sub-Fund term** | Unlimited |
| **Share classes** | The Sub-Fund offers Class I, Class P, Class A Shares of various currencies. Some Share Classes used in currencies other than the reference currency of the Sub-Fund will be Hedged Share Classes.<br>The share classes I are only open to institutional investors. The share class A is open to all investors other than institutional investors.<br><br>Each share class can have a distribution share class. |
| **Initial Issue Price (excluding front-end load)** | USD 100 or the equivalent in other currencies. |
| **Minimum investment amount for share class "I" and "P"** | USD 300,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "I" and "P"** | USD 50,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A"** | USD 2,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "A"** | USD 1,000 or the equivalent in other currencies. |
| **Front-end load currently applicable for share class "I" "P"** | Up to 5.0% |
| **Front-end load currently applicable for share class "A"** | Up to 5.0% |
| **Launch date of the first Share class/ activation** | 20 December 2022 |

| | |
|---|---|
| **date and place of launch in Luxembourg** | |
| **Subscription period** | None |
| **Exchange commission** | Where different share classes are offered within the Sub-Fund, an exchange of shares from one share class for shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged. |
| **Management Company Fee for share class "I", "P", and "A"** | up to 0.08% p.a. of the net asset value of the Sub-Fund, minimum EUR 42,000 p.a. |
| **Investment Management Fee for share class "P"** | up to 0.40% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "I"** | up to 0.80% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "A"** | up to 1.60% p.a. of the net asset value of the share class |
| **Depositary and Paying Agency Fee** | up to 0.04% p.a. of the Sub-Fund's net asset value, min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Registrar and Transfer and Administrative Agency Fee** | up to 0.08% p.a. of the Sub-Fund's net asset value, min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Risk-Management - Procedure** | Commitment Approach in accordance with CSSF Circular 11/512 |
| **Currency risks in the event of redemption or exchange of shares** | Shares are denoted in different currencies. For investors who transact investments from a respective different currency there is a currency risk. |
| **Distribution Policy** | Please refer to APPENDIX VI – Currently launched Share Classes for more information on distribution policy.<br>Some Share Classes, as further set out in APPENDIX VI – Currently launched Share Classes, have adopted a managed distribution policy under which the Sub-Fund seeks to declare distributions to Shareholders on a semi-annual/monthly basis.<br>Each of these Share Classes' dividend policy will be determined by the Portfolio Manager in its sole discretion depending upon on the investment environment and Net Asset Value. |

**DERIVATIVES**

The Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, CSSF Circulars (the "Regulations"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. New financial derivative instruments may be developed which may be suitable for use by the Sub-Fund. The Sub-Fund may employ such financial derivative instruments in accordance with the Regulations. Market risk potential may not exceed up to 200%.

**PORTFOLIO MANAGER**

The Management Company has delegated the Investment management of the Sub-Fund to Sumitomo Mitsui DS Asset Management (UK) Limited.

Sumitomo Mitsui DS Asset Management (UK) Limited, was founded to offer investment management and advisory services to institutional and professional investors. It is a limited liability company incorporated and existing under the laws of England and Wales having its registered office at 100 Liverpool Street, London

EC2M 2AT, United Kingdom and registered with the Companies House under Registration Number 1660184 and authorised and regulated by the Financial Services Authority under Registration Number 115126.

## SUB-PORTFOLIO MANAGER

The Portfolio Manager has, with the approval of the Management Company, appointed Sumitomo Mitsui DS Asset Management Company, Limited, Tokyo, as sub-portfolio manager for the Sub-Fund.

Sumitomo Mitsui DS Asset Management Company, Limited is one of the largest asset management companies in Japan. Its principal office is located in Tokyo, Japan and registered as a Financial Instruments Business Operator engaged in the Investment Management Business, Investment Advisory and Agency Business and Type II Financial Instruments Business (Kanto Local Financial Bureau (KINSHO) No. 399). The company is also registered with the Securities and Exchange Commission (SEC) (No.801-15948) as an investment advisor.

## FEES AND EXPENSES

### Management Company Fee charged to Sub-Fund assets

The remuneration of the Management Company shall be calculated on each Valuation Date and paid to the Management Company monthly.

### Portfolio Management Fee charged to Sub-Fund assets

The remuneration of the Portfolio Manager shall be calculated on each Valuation Date and paid to the Portfolio Manager monthly. The Sub-Portfolio Manager may receive a fee out of the Portfolio Management Fee.

### Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer and Administrative Agency Fee, fee charged to Sub-Fund assets

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-Fund assets separately.

## RISK MANAGEMENT PROCESS

The Commitment Approach method of calculation is used for the Company.

In the "Commitment Approach", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the Sub-Fund’s portfolio.

# APPENDIX IV

to the Prospectus of

**SMD-AM Funds**

Relating to the Sub-Fund

**SMD-AM Ares ESG Enhanced Global High Yield Bond Fund**

**(the "SMD-AM Ares ESG Enhanced Global High Yield Bond Fund" or the "Sub-Fund")**

dated March 2024

Information provided in this Appendix should be read in conjunction with the full text of the Prospectus.

| **Sub-Fund name** | **SMD-AM Ares ESG Enhanced Global High Yield Bond Fund,**<br>**A Sub-Fund of the SMD-AM Funds** |
|---|---|
| **Fund currency** | **USD** |
| **Investment Objective** | **No assurance can be given that the investment objective will be achieved.**<br><br>The Sub-Fund aims for long-term growth of its assets through investment in high yielding bonds issued by sovereign, quasi-sovereign and corporate issuers located throughout the world ("**Global HY Bonds**").<br><br>The Sub-Fund employs thorough credit underwriting and exclusions based on certain Environmental, Social and Governance characteristics to achieve aforementioned objective. Specifically the strategy will seek to minimize investment in certain carbon intensive sectors and controversial businesses. The Sub-Fund will apply an enhanced due diligence screen (as described more fully in the annex to this Appendix IV).<br><br>More information relating to the environmental and/or social characteristics that the Sub-Fund promotes according to article 8 SFDR is provided in the annex to this Appendix IV. |
| **Investment Policy** | Global HY Bonds that the Sub-Fund primarily invests consist of high yield corporate bonds, issued mainly in developed markets.<br><br>The Global HY Bonds in which the Sub-Fund will invest are typically rated lower than Baa by Moody's or BBB by S&P or equivalently rated by Fitch.<br><br>The Sub-Fund primarily invests in non-defaulted Global HY Bonds. However, in the event of a default, the dedicated group of investment professionals specializing in distressed credit will work with the research team following a company and industry to determine the potential recovery prospects under a variety of scenarios. This expected recovery value is then compared with the current market price of the security to determine whether the expected risk-adjusted returns are sufficient to deliver attractive value through work-out / recovery, or whether the asset is overvalued at current levels. In any event the Sub-Manager shall ensure that distressed and / or default securities held by the Sub-Fund shall not exceed 10% of its net assets.<br><br>In the event of an upgrade to investment-grade the Sub-Manager will generally sell a bond when it reaches tighter spreads. However, the Sub-Fund has some flexibility to invest in investment grade securities but rarely utilizes the flexibility to any significant extent outside of a severe market downturn. |
| **Investment Process** | The Sub-Portfolio Manager employs the below-mentioned process when investment decisions are made.<br><br>**<u>Credit Approval Process</u>**<br><br>Before debt instruments can be included in global high yield portfolios, they must be assessed using the Sub-Portfolio Manager's rigorous underwriting model and be |

| | |
|---|---|
| | approved by the investment committee ("**IC**") via a two-stage process.<br><br>During the first stage, any new deal that is marketed in the global high yield market will be considered for investment by the investment team. Whenever there is a new issuer that comes to the high yield market, or if there is a credit in the secondary market that has not been approved, the relevant analyst will undertake an initial assessment of the company, and prepare an "early read" paper that can be presented to the IC. This paper considers factors such as the business model, market position, track record, competitors, historical financials, capital structure and the deal's terms. Once the analyst has presented their findings and initial view of the deal, the IC decides whether the analyst should undertake further diligence and go through a second stage of IC approval.<br>In preparation for the second stage, the analyst will diligence points raised in the first IC meeting and put together a detailed credit memo. The credit memo builds on the topics from the early read presentation and also includes; a financial model that looks at base case and downside scenarios, an ESG qualitative section highlighting key ESG risks and opportunities for the investment, and an investment checklist that scores factors such as liquidity, credit quality, ownership and covenants to derive a score between 1 (favorable) and 4 (unfavorable). As part of the investment checklist, the investment team members must also fill out a qualitative E, S and G Weighted-Average Key Issue Score. A final recommendation is submitted, indicating whether an overweight / underweight position is preferred. The IC members cast a final vote to determine whether the credit is approved for investment.<br><br>**Portfolio Construction**<br><br>Once a credit has been approved, it is down to the Sub-Portfolio Manager to decide whether the credit is suitable for their respective portfolios and how the position should be sized. Position sizing will be based on existing exposures, the risk appetite of each portfolio as well as account specific guidelines.<br><br>Portfolio construction places an emphasis on the more liquid segments of the market and achieving diversification across ratings, sectors and geographies. The Sub-Portfolio Manager will also assess the relative value within an issuer's capital structure in order to allocate towards the most attractive investment. For example, the Sub-Portfolio Manager may have to choose the most appropriate instrument of an issuer that has secured and unsecured paper or debt denominated across USD, EUR and GBP.<br><br>Generally, the less liquid the instrument, the smaller the investment as a percentage of the Sub-Fund. Average position size is typically 0.20%-0.80% with higher conviction names comprising up to 2% of the portfolio. |
| **Benchmark** | **ICE BofA Global High Yield Constrained Index (HW0C)**<br><br>The ICE BofA Global High Yield Constrained Index is a measure of the combined performance of sub investment grade corporate debt securities from developed and emerging stock markets around the world.<br><br>The Sub-Fund is actively managed but uses the ICE BofA HIGH YIELD Constrained Index as a reference for performance comparison. The investments of the Sub-Fund may deviate significantly from the components of the benchmark and their respective weightings.<br><br>Please note that the strategy may utilize a benchmark that excludes Energy and Utilities to closer align with the Strategy's investment guidelines. |
| **Investment principles** | The Sub-Fund may invest up to 100% of its net assets in Global HY Bonds. When, in the opinion of the Sub-Portfolio Manager, the credit rating of an instrument or the credit profile of an issuer deteriorates after initial purchase, the Sub-Portfolio |

| | |
|---|---|
| | Manager will, at its full discretion, decide whether to hold or sell such instrument after considering various factors, including but not limited to the interest of the Sub-Fund's shareholders, the risk of default, time to maturity, liquidity and market price, and re-invest the sale proceeds in other fixed income instruments within the scope of the investment strategy. In case of a rating downgrade of any instrument that the Sub-Fund may have invested in where the Sub-Fund may be exposed to distressed securities (i.e. securities with a credit rating below Caa2 by Moody's or CCC by Standard & Poor's or, if unrated, determined to be of comparable quality by the Sub-Portfolio Manager and which are regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest and have a much greater risk of default), the Sub-Portfolio Manager will take reasonable efforts so that this exposure will not exceed 10% of the Sub-Fund's net assets and that the distressed securities are liquidated in the best interests of shareholders.<br><br>The Sub-Fund may also invest in investment grade securities in case of an unusual event arising from exceptional market circumstances. The term "unusual event" means an event which is unpredictable to occur such as terrorism or a natural disaster.<br><br>The Sub-Fund may invest up to 10% of its net assets in units or shares of UCITS and/or other eligible UCIs.<br><br>The remaining part of the Sub-Fund's portfolio if any will be invested in money market instruments for investment purposes.<br><br>The Sub-Fund can have up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporally invest up to 100% of its net assets in ancillary liquid assets and other liquid instruments.<br><br>**Individual securities level**<br>The maximum weight of a single issuer is 5%.<br>**Individual industry level**<br>The maximum weight of a single industry is 15%.<br><br>The Sub-Fund will not directly invest in equities. The holding of equities may result from the restructuring of bonds held by the Sub-Fund which may however not exceed 10% of the Sub-Fund's net assets. Such restructuring may arise out of corporate actions, such as the restructuring of corporate debt or bankruptcy. Such equities are not required to be sold and any sale of such equity will be undertaken in the best interest of investors.<br><br>Currency positions may be established to hedge foreign currency exposure in relation to the relevant share classes to minimise any fluctuations between the base currency and the currency of the appropriate Sub-Fund.<br><br>Total investments including exposure of financial derivative investments must not exceed 100% of the net assets of the Sub-Fund. |

| | |
|---|---|
| **Investor profile** | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable mean to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon. |
| **Risks with effects on the price performance of the Sub-Fund** | **Concentration risk**<br>**Country risk**<br>**Currency risks**<br>**Price risk due to interest rate changes**<br>**Company-specific risks**<br>**Interest rate risk**<br>**Credit risk**<br>**Sovereign risk**<br>**Non-investment grade debt / unrated debt**<br>**Risks linked to distressed securities' investments**<br>**Risks linked to default securities' investments** |
| **Risks pertaining to HY Bonds Investment** | The Sub-Fund seeks to invest in the Global HY Bonds markets throughout the world. Thus, investors should be aware of the following risks applicable to the Sub-Fund.<br><br>Investment in Global HY Bonds:<br><br>Investment in Global HY Bonds generally entails increased interest rate, credit, liquidity and market risk. These securities are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for Global HY Bonds and reduce the Sub-Fund's ability to sell its Global HY Bonds. If the issuer of a security is in default with respect to interest or principal payments, the Sub-Fund may lose its entire investment. In selecting securities, the Sub-Fund will consider, among other things, the price of the security and the issuer's financial history, condition, management and prospects. The Sub-Fund will endeavour to mitigate the risks associated with Global HY Bonds, by diversifying its holdings by issuer, industry and credit quality. |
| **Management Company** | Vistra Fund Management S.A. |
| **Depositary** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Administrative Agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Registrar and transfer agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Paying agent in Luxembourg** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Portfolio Manager** | Sumitomo Mitsui DS Asset Management (UK) Ltd.; London |
| **Sub-Portfolio Manager** | Ares Capital Management II LLC |
| **Valuation Date** | Every full banking day in Luxembourg and New York and simultaneously a stock exchange day in New York. |
| **Cut-off time for subscription** | No later than 4 pm (Luxembourg time) on the Business Day prior to the relevant Dealing Date |
| **Cut-off time for redemption** | No later than 4 pm (Luxembourg time) on the Business Day prior to the relevant Dealing Date |
| **Payment of the issue and redemption prices** | Issue: within two (2) Business Days after the Valuation Date<br>Redemption: within three (3) Business Days after the Valuation Date |
| **Financial Year** | 1 April to 31 March |
| **Sub-Fund term** | Unlimited |
| **Share classes** | The Sub-Fund offers Class F, Class I, and Class A Shares of various currencies. Some Share Classes used in currencies other than the reference currency of the Sub-Fund will be Hedged Share Classes. |

| | |
|---|---|
| | The share classes F are only open to anchor investors (limited up to $200m). The share classes I are only open to institutional investors. The share class A is open to all investors other than institutional investors.<br><br>Each share class can have a distribution share class. |
| **Initial Issue Price (excluding front-end load)** | USD 100 or the equivalent in other currencies. |
| **Minimum investment amount for share class "F"** | USD 5,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Minimum investment amount for share class "I"** | USD 300,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "F" and "I"** | USD 50,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A"** | USD 2,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "A"** | USD 1,000 or the equivalent in other currencies. |
| **Front-end load currently applicable for share class "F" and "I"** | Up to 5.0% |
| **Front-end load currently applicable for share class "A"** | Up to 5.0% |
| **Launch date of the first Share class/ activation date and place of launch in Luxembourg** | 22 March 2024 |
| **Subscription period** | None |
| **Exchange commission** | Where different share classes are offered within the Sub-Fund, an exchange of shares from one share class for shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged. |
| **Management Company Fee for share class "F", "I", and "A"** | up to 0.08% p.a. of the net asset value of the Sub-Fund, minimum EUR 42,000 p.a. |
| **Investment Management Fee for share class "F"** | up to 0.30% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "I"** | up to 0.50% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "A"** | up to 1.00% p.a. of the net asset value of the share class |
| **Depositary and Paying Agency Fee** | up to 0.04% p.a. of the Sub-Fund’s net asset value, min. up to EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Registrar and Transfer and Administrative Agency Fee** | up to 0.08% p.a. of the Sub-Fund's net asset value, min. up to EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Risk-Management - Procedure** | Commitment Approach in accordance with CSSF Circular 11/512 |

| | |
|---|---|
| **Currency risks in the event of redemption or exchange of shares** | Shares are denoted in different currencies. For investors who transact investments from a respective different currency there is a currency risk. |
| **Distribution Policy** | Please refer to APPENDIX VI – Currently launched Share Classes for more information on distribution policy.<br>Some Share Classes, as further set out in APPENDIX VI – Currently launched Share Classes, have adopted a managed distribution policy under which the Sub-Fund seeks to declare distributions to Shareholders on a semi-annual/monthly basis.<br>Each of these Share Classes' dividend policy will be determined by the Portfolio Manager in its sole discretion depending upon on the investment environment and Net Asset Value. |

**DERIVATIVES**

The Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, CSSF Circulars (the "Regulations"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. New financial derivative instruments may be developed which may be suitable for use by the Sub-Fund. The Sub-Fund may employ such financial derivative instruments in accordance with the Regulations. Market risk potential may not exceed up to 200%.

**PORTFOLIO MANAGER**

The Management Company has delegated the Investment management of the Sub-Fund to Sumitomo Mitsui DS Asset Management (UK) Ltd.

Sumitomo Mitsui DS Asset Management (UK) Ltd., was founded to offer investment management and advisory services to institutional and professional investors. It is a limited liability company incorporated and existing under the laws of England and Wales having its registered office at100 Liverpool Street, London, EC2M 2AT United Kingdom and registered with the Companies House under Registration Number 1660184 and authorised and regulated by the Financial Services Authority under Registration Number 115126.

**SUB-PORTFOLIO MANAGER**

The Portfolio Manager has, with the approval of the Management Company, appointed Ares Capital Management II LLC as sub-portfolio manager for the Sub-Fund.

**Ares Capital Management II LLC** is a global leading asset management company in the United States of America. Its registered office is located in 1800 Avenue of the Stars, Suite 1400, Los Angeles, CA 90067-4733, United States of America and registered with the Securities and Exchange Commission (SEC) (No.801-72399) as an investment advisor.

**FEES AND EXPENSES**

**Management Company Fee charged to Sub-Fund assets**

The remuneration of the Management Company shall be calculated on each Valuation Date and paid to the Management Company monthly.

**Portfolio Management Fee charged to Sub-Fund assets**

The remuneration of the Portfolio Manager shall be calculated on each Valuation Date and paid to the Portfolio Manager monthly. The Sub-Portfolio Manager may receive a fee out of the Portfolio Management Fee.

**Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer and Administrative Agency Fee, fee charged to Sub-Fund assets**

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-Fund assets separately.

## RISK MANAGEMENT PROCESS

The Commitment Approach method of calculation is used for the Company.

In the "Commitment Approach", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the Sub-Fund’s portfolio.

# APPENDIX V

to the Prospectus of

**SMD-AM Funds**

relating to the Sub-Fund

**SMD-AM Japan Mid Small Cap Value**

(the **"SMD-AM Japan Mid Small Cap Value"** or the **"Sub-Fund"**)

dated September 2024

Information provided in this Appendix should be read in conjunction with the full text of the Prospectus.

| **Sub-Fund name** | **SMD-AM Japan Mid Small Cap Value, a Sub-Fund of the SMD-AM Funds** |
|---|---|
| **Fund currency** | **JPY** |
| **Investment objective** | Active strategy using a fundamental approach and investing in undervalued stocks of small and mid-cap companies in which we can expect medium term growth by narrowing down all listed companies based on financial criteria (price-to-book value ratio – return on equity (PBR-ROE) approach*1) while utilising artificial intelligence to identify stocks. Artificial intelligence*2 is only used as a tool for identifying stocks and is not involved in investment decision-making. Proactive recommendations are made to approximately 70% of portfolio companies and address business issues aiming to improve their corporate value, taking into account actions taken to address management issues and awareness of risks that may arise in management. Certain companies may not be able to comply with or follow proactive recommendations for reasons including but not limited to the size of their investment.<br><br>No assurance can be given that the investment objective will be achieved.<br><br>***1* price-to-book value ratio – return on equity (PBR-ROE) approach:** PBR-ROE approach is used to select stocks on the basis of PBR and ROE. ROE is added because capital efficiency cannot be taken into account if a company is undervalued on the basis of PBR. This approach makes it possible to consider investments in companies that cannot be identified using the general value approach (undervalued judgments based on price earning ratio (PER) and PBR).<br><br>***2* Use of Artificial intelligence (AI): AI is used in the strategy, but only to support universe research. It complements the analysis after learning the characteristics of the managers' stock research. AI was originally developed jointly by the National Institute of Informatics and Sumitomo Mitsui DS Asset Management Company, Limited and is currently operated as an in-house system. The score calculated by AI is only used as a reference in the very early stages of the investment when selecting the universe. AI is not involved in any of the subsequent stock selection processes. AI is only used for Japanese listed companies. AI is a proprietary tool and no fees or other compensation are charged for its use. |

| | |
|---|---|
| **Benchmark** | **Russell/Nomura Mid-Small Cap Index (including dividends)**<br><br>The Sub-Fund is actively managed and uses “Russell/Nomura Mid-Small Cap Index” in JPY as a reference for performance comparison.<br><br>The Sub-Fund's investment target is to exceed the benchmark by 3%.<br><br>The investments of the Sub-Fund may deviate significantly from the components of the benchmark and their respective weightings. |
| **Investment Principles** | The Sub-Fund invests more than seventy-five percent (75%) of its total assets in Japanese equity securities of small and mid-cap companies which constitute "equity participation" within the meaning of Section 2 Paragraph 8 of the German Investment Tax Act (2018). The remaining part of the portfolio can be invested in money market instruments for investment purposes.<br><br>**Individual securities level**<br>The maximum weight of a single issue is 10%.<br><br>**Sector level**<br>No set limit.<br><br>The Sub-Fund can hold up to 20% of its net assets in ancillary liquid assets (i.e. cash deposits at sight). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, the Sub-Fund may temporarily for a period of time strictly necessary hold up to 100% of its net assets in cash and deposits at sight (such as cash held in current accounts).<br><br>Currency positions may be established to hedge foreign currency exposure in relation to the relevant share classes to minimise any fluctuations between the base currency and the currency of the appropriate Sub-Fund. |
| **Investor profile** | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable means to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon. |
| **Risks with effects on the price performance of the Sub-Fund** | **Concentration risk**<br>**Country risk**<br>**Currency risk**<br>**Price risk due to interest rate changes**<br>**Company-specific risks**<br>**Risks of using AI scores as part of the investment process**<br>Timing difference of securities trading |
| **Management Company** | Vistra Fund Management S.A. |
| **Depositary** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Administrative Agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Registrar and transfer agent** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Paying agent in Luxembourg** | Brown Brothers Harriman (Luxembourg) S.C.A. |
| **Portfolio Manager** | Sumitomo Mitsui DS Asset Management (UK) Limited; London |
| **Sub-Portfolio Manager** | Sumitomo Mitsui DS Asset Management Company, Limited; Tokyo |
| **Valuation Date** | Every full banking day, which is a full banking day and simultaneously a stock exchange day in Luxembourg, London and Tokyo. |
| **Cut-off time for subscription** | No later than 1 p.m (Luxembourg time) on the applicable Dealing Date |
| **Cut-off time for redemption** | No later than 1 p.m (Luxembourg time) on the applicable Dealing Date |
| **Payment of the issue and redemption prices** | Within three (3) Business Days after the Valuation Date |
| **Financial Year** | 1 April to 31 March |

| | |
|---|---|
| **Sub-Fund term** | Unlimited |
| **Share classes** | The Sub-Fund offers Class I, Class P (limited up to USD 100 million), Class Y, Class A and Class A2 Shares of various currencies. Some Share Classes used in currencies other than the reference currency of the Sub-Fund will be Hedged Share Classes.<br>The share classes I and Y are only open to institutional investors. The share class A and class A2 are open to all investors other than institutional investors. |
| **Initial Issue Price (excluding front-end load) for share classes "A", "A2", "I" and "P"** | JPY 10,000 or the equivalent in other currencies. |
| **Initial Issue Price for share class "Y"** | JPY 10,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "P"** | JPY 1,000,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "P"** | JPY 100,000,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "I"** | JPY 30,000,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "I"** | JPY 6,000,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A"** | JPY 200,000 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "A"** | JPY 100,000 or the equivalent in other currencies. |
| **Minimum investment amount for share class "A2"** | JPY 1 or the equivalent in other currencies or any lower amount that the Board may from time to time determine in respect of the Sub-Fund. |
| **Subsequent investment for share class "A2"** | JPY 1 or the equivalent in other currencies. |
| **Minimum investment amount for share class "Y"** | JPY 1,500,000,000 or the equivalent in other currencies. |
| **Subsequent investment for share class "Y"** | JPY15,000,000 or the equivalent in other currencies. |
| **Front-end load currently applicable for share class "I" and "P"** | Up to 5.0% |
| **Front-end load currently applicable for share class "A" and "A2"** | Up to 5.0% |
| **Launch date of the first Share class/activation date and place of launch in Luxembourg** | 10 October 2024 |
| **Subscription period** | None |
| **Exchange commission** | Where different share classes are offered within the Sub-Fund, an exchange of shares from one share class for shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged. |
| **Management Company Fee for share class "I", "P", "A", "A2" and "Y"** | up to 0.05% p.a. of the net asset value of the Sub-Fund, minimum EUR 30,000 p.a. |
| **Investment Management Fee for share class "P"** | up to 0.45% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "I"** | up to 0.80% p.a. of the net asset value of the share class |
| **Investment Management Fee for share class "A" and "A2"** | up to 1.50% p.a. of the net asset value of the share class |

| | |
|---|---|
| **Investment Management Fee for share class "Y"** | up to 0.70 % p.a. of the net asset value of the share class |
| **Depositary and Paying Agency Fee** | up to 0.04% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Registrar and Transfer and Administrative Agency Fee** | up to 0.08% p.a. of the Sub-Fund's net asset value,<br>min. EUR 2,250 per month, plus Luxembourg VAT, depending on the transaction amount of the Sub-Fund the fee can also be higher |
| **Risk-Management -Procedure** | Commitment Approach in accordance with CSSF Circular 11/512 |
| **Currency risks in the event of redemption or exchange of shares** | Shares are denoted in different currencies. For investors who transact investments from a respective different currency there is a currency risk. |
| **Distribution Policy** | Please refer to APPENDIX VI – Currently launched Share Classes for more information on distribution policy.<br>Some Share Classes, as further set out in APPENDIX VI – Currently launched Share Classes, have adopted a managed distribution policy under which the Sub-Fund seeks to declare distributions to Shareholders on a semi-annual/monthly basis.<br>Each of these Share Classes' dividend policy will be determined by the Portfolio Manager in its sole discretion depending upon on the investment environment and Net Asset Value. |

**DERIVATIVES**

The Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, CSSF Circulars (the "**Regulations**"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. New financial derivative instruments may be developed which may be suitable for use by the Sub-Fund. The Sub-Fund may employ such financial derivative instruments in accordance with the Regulations. Market risk potential may not exceed up to 200%.

**PORTFOLIO MANAGER**

The Management Company has delegated the Investment management of the Sub-Fund to Sumitomo Mitsui DS Asset Management (UK) Limited.

Sumitomo Mitsui DS Asset Management (UK) Limited, was founded to offer investment management and advisory services to institutional and professional investors. It is a limited liability company incorporated and existing under the laws of England and Wales having its registered office at 100 Liverpool Street, London EC2M 2AT, United Kingdom and registered with the Companies House under Registration Number 1660184 and authorised and regulated by the Financial Services Authority under Registration Number 115126.

**SUB-PORTFOLIO MANAGER**

The Portfolio Manager has, with the approval of the Management Company, appointed Sumitomo Mitsui DS Asset Management Company, Limited, Tokyo, as sub-portfolio manager for the Sub-Fund.

Sumitomo Mitsui DS Asset Management Company, Limited is one of the largest asset management companies in Japan. Its principal office is located in Tokyo, Japan and registered as a Financial Instruments Business Operator engaged in the Investment Management Business, Investment Advisory and Agency Business and Type II Financial Instruments Business (Kanto Local Financial Bureau (KINSHO) No. 399). The company is also registered with the Securities and Exchange Commission (SEC) (No.801-15948) as an investment advisor.

## FAIR VALUATION PRICING MODEL

As from 16 July 2026, the Company will introduce a fair valuation pricing model ("**Fair Valuation Pricing Model**") to support having a dealing cut-off time subsequent to the closure of the underlying equity market.

The Company utilises pricing inputs and related data from an independent and globally recognised provider, and such inputs are used as one component of the process, together with other information and sources, in determining the fair value of the Sub-Fund's assets. The provider supplies pricing inputs and related data only and does not participate in or assume responsibility for the determination of the fair value of the Sub-Fund's assets or for the valuation process.

The pricing provider will apply modelling techniques to allow them to price each underlying stock in the 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 are supplied to Brown Brothers Harriman (Luxembourg) S.C.A.to include in the Sub-Fund's 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 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.

## FEES AND EXPENSES

### Management Company Fee charged to Sub-Fund assets

The remuneration of the Management Company shall be calculated on each Valuation Date and paid to the Management Company monthly.

### Portfolio Management Fee charged to Sub-Fund assets

The remuneration of the Portfolio Manager shall be calculated on each Valuation Date and paid to the Portfolio Manager monthly. The Sub-Portfolio Manager may receive a fee out of the Portfolio Management Fee.

### Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer and Administrative Agency Fee, fee charged to Sub-Fund assets

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-Fund assets separately.

## RISK MANAGEMENT PROCESS

### The Commitment Approach method of calculation is used for the Company.

In the "**Commitment Approach**", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the Sub-Fund's portfolio.

# APPENDIX VI – Currently launched Share Classes

• The Sub-Funds and Share Classes listed in the following table were launched as at the date of this Prospectus and may be subscribed. This list will be updated when a new version of the Prospectus takes effect and therefore does not necessarily reflect the current status after the date stated on the front cover of the Prospectus. Not all classes are available to all investors or in all countries in which the Sub-Fund has been approved for distribution. You can find the up-to-date list of available Share Classes available to you along with current prices and PRIIPS KIDs at the following website: https://www.smd-am.co.uk/fund-centre/

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| DSBI Japan Equity Small Cap Absolute Value | S | JPY | N/A | 04/12/2018 | Accumulating | LU1907539057 |
| DSBI Japan Equity Small Cap Absolute Value | S | EUR | Unhedged | 28/02/2017 | Accumulating | LU1565290522 |
| DSBI Japan Equity Small Cap Absolute Value | S | EUR | Hedged | 25/07/2017 | Accumulating | LU1646558814 |
| DSBI Japan Equity Small Cap Absolute Value | P | JPY | N/A | 28/02/2017 | Accumulating | LU1550200676 |
| DSBI Japan Equity Small Cap Absolute Value | P | EUR | Hedged | 28/02/2017 | Accumulating | LU1550200916 |
| DSBI Japan Equity Small Cap Absolute Value | P | USD | Hedged | 28/02/2017 | Accumulating | LU1557267256 |
| DSBI Japan Equity Small Cap Absolute Value | I | JPY | N/A | 24/10/2017 | Accumulating | LU1550200833 |
| DSBI Japan Equity Small Cap Absolute Value | I | EUR | Hedged | Inactive | Accumulating | LU1550201054 |
| DSBI Japan Equity Small Cap Absolute Value | I | GBP | Hedged | 13/06/2017 | Accumulating | LU1550201138 |
| DSBI Japan Equity Small Cap Absolute Value | I | GBP | Unhedged | 13/12/2017 | Accumulating | LU1592281262 |
| DSBI Japan Equity Small Cap Absolute Value | I | USD | Hedged | 06/06/2017 | Accumulating | LU1550201211 |
| DSBI Japan Equity Small Cap Absolute Value | I | USD | Unhedged | Inactive | Accumulating | LU2905584095 |
| DSBI Japan Equity Small Cap Absolute Value | A | JPY | N/A | 20/04/2021 | Accumulating | LU1550201484 |
| DSBI Japan Equity Small Cap Absolute Value | A | EUR | Hedged | Inactive | Accumulating | LU1550201567 |
| DSBI Japan Equity Small Cap Absolute Value | A | GBP | Hedged | Inactive | Accumulating | LU1550201641 |
| DSBI Japan Equity Small Cap Absolute Value | A | USD | Hedged | 09/05/2017 | Accumulating | LU1550201724 |
| DSBI Japan Equity Small Cap Absolute Value | A | USD | Unhedged | 16/01/2024 | Accumulating | LU2710798344 |
| DSBI Japan Equity Small Cap Absolute Value | A | HKD | Hedged | 16/01/2024 | Accumulating | LU2710802476 |
| DSBI Japan Equity Small Cap Absolute Value | A | HKD | Unhedged | 16/01/2024 | Accumulating | LU2710802120 |
| SMD-AM Japan Equity High Conviction Fund | P | JPY | N/A | 15/04/2025 | Accumulating | LU1767075937 |
| SMD-AM Japan Equity High Conviction Fund | P | EUR | Hedged | Inactive | Accumulating | LU3038472273 |
| SMD-AM Japan Equity High Conviction Fund | P | EUR | Unhedged | Inactive | Accumulating | LU3038472190 |

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM Japan Equity High Conviction Fund | P | GBP | Hedged | 15/04/2025 | Accumulating | LU1767076158 |
| SMD-AM Japan Equity High Conviction Fund | P | GBP | Unhedged | 15/04/2025 | Accumulating | LU3028668054 |
| SMD-AM Japan Equity High Conviction Fund | P | USD | Hedged | 15/04/2025 | Accumulating | LU3038471978 |
| SMD-AM Japan Equity High Conviction Fund | P | USD | Unhedged | 15/04/2025 | Accumulating | LU3038471895 |
| SMD-AM Japan Equity High Conviction Fund | P | SGD | Hedged | 15/04/2025 | Accumulating | LU3031496436 |
| SMD-AM Japan Equity High Conviction Fund | P | SGD | Unhedged | 15/04/2025 | Accumulating | LU3028668138 |
| SMD-AM Japan Equity High Conviction Fund | S | JPY | N/A | 27/03/2024 | Accumulating | LU2786909205 |
| SMD-AM Japan Equity High Conviction Fund | S | EUR | Hedged | Inactive | Accumulating | LU2786909387 |
| SMD-AM Japan Equity High Conviction Fund | S | EUR | Unhedged | Inactive | Accumulating | LU2786909460 |
| SMD-AM Japan Equity High Conviction Fund | S | GBP | Hedged | Inactive | Accumulating | LU2905585068 |
| SMD-AM Japan Equity High Conviction Fund | S | GBP | Unhedged | Inactive | Accumulating | LU2905585142 |
| SMD-AM Japan Equity High Conviction Fund | S | USD | Hedged | 16/08/2024 | Accumulating | LU2786909544 |
| SMD-AM Japan Equity High Conviction Fund | S | USD | Unhedged | 27/03/2024 | Accumulating | LU2786909627 |
| SMD-AM Japan Equity High Conviction Fund | I2 | JPY | N/A | 27/03/2024 | Accumulating | LU2786909890 |
| SMD-AM Japan Equity High Conviction Fund | I | EUR | Hedged | Inactive | Accumulating | LU1767076406 |
| SMD-AM Japan Equity High Conviction Fund | I | GBP | Hedged | 21/03/2025 | Accumulating | LU1767076588 |
| SMD-AM Japan Equity High Conviction Fund | I | GBP | Unhedged | 21/03/2025 | Accumulating | LU2905584848 |
| SMD-AM Japan Equity High Conviction Fund | I | USD | Hedged | 10/10/2024 | Accumulating | LU1767076661 |
| SMD-AM Japan Equity High Conviction Fund | I | USD | Unhedged | Inactive | Accumulating | LU2905584921 |
| SMD-AM Japan Equity High Conviction Fund | A | JPY | N/A | 10/10/2024 | Accumulating | LU1767076745 |
| SMD-AM Japan Equity High Conviction Fund | A | EUR | Hedged | 27/03/2024 | Accumulating | LU1767076828 |
| SMD-AM Japan Equity High Conviction Fund | A | EUR | Unhedged | 27/03/2024 | Accumulating | LU2788607526 |
| SMD-AM Japan Equity High Conviction Fund | A | GBP | Hedged | Inactive | Accumulating | LU1767077040 |
| SMD-AM Japan Equity High Conviction Fund | A | USD | Hedged | 27/03/2024 | Accumulating | LU1767077123 |
| SMD-AM Japan Equity High Conviction Fund | A | USD | Unhedged | 27/03/2024 | Accumulating | LU2786910047 |
| SMD-AM Japan Equity High Conviction Fund | A | HKD | Hedged | 27/03/2024 | Accumulating | LU2786910120 |

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM Japan Equity High Conviction Fund | A | HKD | Unhedged | 27/03/2024 | Accumulating | LU2786909114 |
| SMD-AM Japan Equity High Conviction Fund | A | SGD | Hedged | 15/04/2025 | Accumulating | LU3028668211 |
| SMD-AM Japan Equity High Conviction Fund | A | SGD | Unhedged | 15/04/2025 | Accumulating | LU3031496519 |
| SMD-AM Japan Equity High Conviction Fund | A2 | USD | Hedged | 26/06/2025 | Accumulating | LU3028668302 |
| SMD-AM Japan Equity High Conviction Fund | A2 | USD | Unhedged | Inactive | Accumulating | LU3031496600 |
| SMD-AM Japan Equity High Conviction Fund | A2 | HKD | Hedged | Inactive | Accumulating | LU3028668484 |
| SMD-AM Japan Equity High Conviction Fund | A2 | HKD | Unhedged | Inactive | Accumulating | LU3031496782 |
| SMD-AM Japan Equity High Conviction Fund | A2 | JPY | N/A | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | X | USD | Hedged | Inactive | Accumulating | LU2961451494 |
| SMD-AM Japan Equity High Conviction Fund | Y | EUR | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | EUR | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | USD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | USD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | GBP | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | GBP | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | JPY | N/A | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | HKD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | HKD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | SGD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Equity High Conviction Fund | Y | SGD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM China A Shares Fund | I | USD | N/A | Inactive | Accumulating | LU2560015278 |
| SMD-AM China A Shares Fund | I | EUR | Hedged | Inactive | Accumulating | LU2560015435 |
| SMD-AM China A Shares Fund | I | GBP | Hedged | Inactive | Accumulating | LU2560015518 |
| SMD-AM China A Shares Fund | I | RMB[1] | N/A | Inactive | Accumulating | LU2560015351 |
| SMD-AM China A Shares Fund | A | USD | N/A | 16/08/2023 | Accumulating | LU2560015609 |

[1] All references to RMB for the Share Classes must be understood as a reference to offshore RMB (CNH).

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM China A Shares Fund | A | EUR | Hedged | Inactive | Accumulating | LU2560015864 |
| SMD-AM China A Shares Fund | A | GBP | Hedged | Inactive | Accumulating | LU2560015948 |
| SMD-AM China A Shares Fund | A | RMB[1] | N/A | Inactive | Accumulating | LU2560015781 |
| SMD-AM China A Shares Fund | I | USD-M*[1] | N/A | Inactive | Distributing | LU2560016086 |
| SMD-AM China A Shares Fund | I | RMB-M*[1] | N/A | Inactive | Distributing | LU2560016169 |
| SMD-AM China A Shares Fund | A | USD-M*[1] | N/A | Inactive | Distributing | LU2560016243 |
| SMD-AM China A Shares Fund | A | RMB-M*[1] | N/A | Inactive | Distributing | LU2560016326 |
| SMD-AM China A Shares Fund | P | USD | N/A | 20/12/2022 | Accumulating | LU2560015195 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | USD | N/A | 22/03/2024 | Accumulating | LU2710802047 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | JPY | Unhedged | Inactive | Accumulating | LU2710801403 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | JPY | Hedged | Inactive | Accumulating | LU2710799078 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | EUR | Unhedged | Inactive | Accumulating | LU2710801312 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | EUR | Hedged | Inactive | Accumulating | LU2710802559 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | GBP | Unhedged | Inactive | Accumulating | LU2905585225 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | GBP | Hedged | Inactive | Accumulating | LU2905585571 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | USD | N/A | Inactive | Accumulating | LU2710801825 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | JPY | Unhedged | Inactive | Accumulating | LU2710801239 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | JPY | Hedged | Inactive | Accumulating | LU2710798930 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | EUR | Unhedged | Inactive | Accumulating | LU2710801155 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | EUR | Hedged | Inactive | Accumulating | LU2710800348 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | GBP | Unhedged | Inactive | Accumulating | LU2905585498 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | GBP | Hedged | 21/03/2025 | Accumulating | LU2905585654 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | USD | N/A | 22/03/2024 | Accumulating | LU2710801742 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | EUR | Unhedged | 22/03/2024 | Accumulating | LU2710800934 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | EUR | Hedged | Inactive | Accumulating | LU2710800181 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | USD-S*[2] | N/A | Inactive | Distributing | LU2710800850 |

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | JPY-S*[2] | Unhedged | Inactive | Distributing | LU2710799151 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | JPY-S*[2] | Hedged | Inactive | Distributing | LU2710798690 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | EUR-S*[2] | Unhedged | Inactive | Distributing | LU2710800009 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | F | EUR-S*[2] | Hedged | Inactive | Distributing | LU2710799409 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | USD-S*[2] | N/A | Inactive | Distributing | LU2710800777 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | JPY-S*[2] | Unhedged | Inactive | Distributing | LU2710798856 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | JPY-S*[2] | Hedged | Inactive | Distributing | LU2710798427 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | EUR-S*[2] | Unhedged | Inactive | Distributing | LU2710799821 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | I | EUR-S*[2] | Hedged | Inactive | Distributing | LU2710799581 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | USD-S*[2] | N/A | 10/10/2024 | Distributing | LU2710800694 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | EUR-S*[2] | Unhedged | Inactive | Distributing | LU2710799664 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | EUR-S*[2] | Hedged | Inactive | Distributing | LU2710799318 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | HKD-S*[2] | Unhedged | 22/03/2024 | Distributing | LU2710800264 |
| SMD-AM Ares ESG Enhanced Global High Yield Bond Fund | A | HKD-S*[2] | Hedged | Inactive | Distributing | LU2710802633 |
| SMD-AM Japan Mid Small Cap Value | P | JPY | N/A | 10/10/2024 | Accumulating | LU2905585738 |
| SMD-AM Japan Mid Small Cap Value | P | USD | Unhedged | Inactive | Accumulating | LU2905586033 |
| SMD-AM Japan Mid Small Cap Value | P | USD | Hedged | Inactive | Accumulating | LU2905586116 |
| SMD-AM Japan Mid Small Cap Value | P | EUR | Unhedged | Inactive | Accumulating | LU2905585811 |
| SMD-AM Japan Mid Small Cap Value | P | EUR | Hedged | Inactive | Accumulating | LU2905585902 |
| SMD-AM Japan Mid Small Cap Value | P | GBP | Unhedged | 21/03/2025 | Accumulating | LU2905586207 |
| SMD-AM Japan Mid Small Cap Value | P | GBP | Hedged | Inactive | Accumulating | LU2905586389 |
| SMD-AM Japan Mid Small Cap Value | I | JPY | N/A | 10/10/2024 | Accumulating | LU2905586462 |
| SMD-AM Japan Mid Small Cap Value | I | USD | Unhedged | 10/10/2024 | Accumulating | LU2905586892 |
| SMD-AM Japan Mid Small Cap Value | I | USD | Hedged | 10/10/2024 | Accumulating | LU2905583444 |
| SMD-AM Japan Mid Small Cap Value | I | EUR | Unhedged | Inactive | Accumulating | LU2905586629 |
| SMD-AM Japan Mid Small Cap Value | I | EUR | Hedged | Inactive | Accumulating | LU2905586546 |

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM Japan Mid Small Cap Value | I | GBP | Unhedged | 21/03/2025 | Accumulating | LU2905583527 |
| SMD-AM Japan Mid Small Cap Value | I | GBP*[2] | Unhedged | Inactive | Distributing | Not available |
| SMD-AM Japan Mid Small Cap Value | I | GBP | Hedged | 21/03/2025 | Accumulating | LU2905583790 |
| SMD-AM Japan Mid Small Cap Value | A | JPY | N/A | 10/10/2024 | Accumulating | LU2905583873 |
| SMD-AM Japan Mid Small Cap Value | A | USD | Unhedged | 10/10/2024 | Accumulating | LU2905584251 |
| SMD-AM Japan Mid Small Cap Value | A | USD | Hedged | 10/10/2024 | Accumulating | LU2905584335 |
| SMD-AM Japan Mid Small Cap Value | A | EUR | Unhedged | Inactive | Accumulating | LU2905584178 |
| SMD-AM Japan Mid Small Cap Value | A | EUR | Hedged | Inactive | Accumulating | LU2905583956 |
| SMD-AM Japan Mid Small Cap Value | A | GBP | Unhedged | Inactive | Accumulating | LU2905584418 |
| SMD-AM Japan Mid Small Cap Value | A | GBP | Hedged | Inactive | Accumulating | LU2905584509 |
| SMD-AM Japan Mid Small Cap Value | A | HKD | Unhedged | 10/10/2024 | Accumulating | LU2905584681 |
| SMD-AM Japan Mid Small Cap Value | A | HKD | Hedged | 10/10/2024 | Accumulating | LU2905584764 |
| SMD-AM Japan Mid Small Cap Value | A2 | JPY | N/A | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | A2 | USD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | A2 | USD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | A2 | HKD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | A2 | HKD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | EUR | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | EUR | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | JPY | N/A | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | GBP | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | GBP | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | GBP*[2] | Unhedged | Inactive | Distributing | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | USD | Unhedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | USD | Hedged | Inactive | Accumulating | Not available |
| SMD-AM Japan Mid Small Cap Value | Y | HKD | Unhedged | Inactive | Accumulating | Not available |

| SMD-AM Funds | Class | Ccy | Hedged | Launch date | Distribution Policy | ISIN |
|---|---|---|---|---|---|---|
| SMD-AM Japan Mid Small Cap Value | Y | HKD | Hedged | Inactive | Accumulating | Not available |

***1Monthly Distribution**
***2Semi-Annual Distribution**

# APPENDIX VII – SFDR related information

Information relating to the environmental and social characteristics, or objectives, of the Sub-Funds are provided in the below Annexes in accordance with Regulation 2019/2088 on Sustainability-Related Disclosures in the Financial Services Sector, as amended (the "**SFDR**").

## CONTENT

SMD-AM Japan Equity High Conviction Fund ..... 85

SMD-AM China A Shares Fund ..... 92

SMD-AM Ares ESG Enhanced Global High Yield Bond Fund ..... 100

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**
SMD-AM Japan Equity High Conviction Fund

**Legal entity identifier:**
21380039FEH3QPIJV648

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

☐ **Yes** ☒ **No**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ___%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

## What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes a general ESG integration. The Sub-Fund promotes environmental and/or social characteristics by applying Sustainalytics ESG Risk Ratings on the equities within the investment universe of the Sub-Fund and by excluding equities whose Sustainalytics ESG Risk Ratings are in the bottom 20% of the coverage in Japan, from the investment universe.

In addition, the Sub-Fund applies the following ESG exclusion list, by excluding companies/issuers that are involved in the following:
- Controversial weapons: zero percent revenue tolerance regarding any direct involvement in the production of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons),*

- Tobacco: more than 5% revenue generated from the manufacturing of tobacco products,
- Thermal Coal: more than 5% revenue from the extraction of thermal coal, and
- Coal Power: more than 25% revenue generated from the thermal coal power generation,
(together the "**Exclusions**")

The concept and methodology of Sustainalytics ESG Risk Rating are available on its website.
https://www.sustainalytics.com/esg-data

The outlines are as follows.

Sustainalytics' ESG Risk Ratings present a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. Company ratings are comparable across peers and subindustries and allow for easy aggregation at the portfolio level. Its comprehensive due diligence with deep insights from multiple exposure factors, including business model, financial strength, geography and incident history, together with fully integrated corporate governance research. The vendor's transparent methodology and accessibility to the specialists are worth to be highlighted as they are indispensable in its ESG "integration", SMDAM believes, rather than naïve dependence on the external scores.

The Sub-Fund does not use a reference benchmark to attain its promoted environmental and social characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

  The Sub-Fund uses following sustainability indicators to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund:

  1. Percentage of the Sub-Fund's portfolio that Sustainalytics ESG Risk Ratings fall in the bottom 20% of the covered investment universe in Japan.

  2. Percentage of the Sub-Fund's portfolio that meets the exclusion criteria.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

  Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

  Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ ✖

Yes, the Sub-Fund takes into account Principal Adverse Impacts (PAI). For this purpose, the mandatory and certain selected "Opt-in PAI" indicators from Table 1-3 Annex I Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 are used as a basis:

The Investment Manager's investment team considers PAIs of investment decisions, throughout comprehensive investment actions, alongside the relevant financial risks and relevant sustainability risks while embracing dynamic materiality to focus on information material or likely to be material.

"PAI Due Diligence" is the essential foundational process of the Sub-Fund, to be systematically carried out throughout the entire life-cycle of investment operations, which is an on-going, proactive and reactive, and process-oriented activity of firm-wide stewardship activities with active ownership.

The "PAI Due Diligence" process for the Sub-Fund's comprehensive investment activities, consists of the following 6 elements:

1) Policy Framework,
2) Identification and Prioritization of Actual/Potential Adverse Impacts,
3) Consideration of PAIs in Investment Processes,
4) Engagement and Escalation,
5) Collaborative Engagement and References to International Standards,
6) Monitoring and Disclosure/Reporting.

The Investment Manager focuses on and will disclose the above-mentioned PAIs in the format of the weighted average of the Sub-Fund's portfolio. The PAIs do not constitute binding investment limits for the individual portfolio decisions of this Sub-Fund.

The Investment Manager shall make reasonable efforts to obtain the required data directly or through third parties (data providers). Where this is not possible, the Investment Manager shall make a best estimate.

Further information will be provided in the periodic report of the Fund as required under Article 11 SFDR.

☐ No

## What investment strategy does this financial product follow?

The Sub-Fund may invest up to 100% of its net assets in Japan, as described in detail in the Sub-Fund's investment policy.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager first applies the Exclusions as part of the investment selection process.

The Investment Manager will evaluate the investment universe based on Sustainalytics ESG Risk Rating and compose the portfolio of the Sub-Fund by excluding equities whose ESG scores are in the bottom 20% of the coverage in Japan, from the investment universe.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The following elements are binding elements of the Sub-Fund's investment strategy.

  1. Application of the Exclusions

  2. Evaluation of the ESG Risk Rating

  On the basis of the Sustainalytics ESG Risk Rating, the Sub-Fund will seek to attain the promoted environmental and social characteristics by excluding equities whose Sustainalytics ESG Risk Ratings are in the bottom 20% of the coverage in Japan, from the investment universe.

  The concept and methodology of Sustainalytics ESG Risk Rating are available on its website: https://www.sustainalytics.com/esg-data.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  Not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

  The assessment of the good governance practices of the target investments is based on the Investment Manager’s entity-level exclusion policy which is applied to all of the Sub-Fund’s investments.

  The Investment Manager determines investment constraints based on its "Rules on managing Unsuitable Investee Companies", when an investment is inappropriate from a good governance perspective. This rule excludes companies

which do not meet the requirement of good governance practices from the Investment Manager's investment universe.

The process of negative screening and the exclusion criteria leverages the third-party database used for this Sub-Fund, covering sound management structures, employee relations, remuneration of staff and tax compliance, and adhering to minimum environmental or social safeguards.

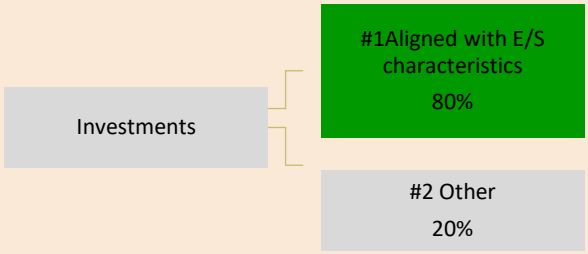
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The Sub-Fund invests at least 80% of its assets in investments that are aligned with the promoted environmental and/or social characteristics (#1 Aligned with E/S characteristics).

The investments which are not aligned with these characteristics (#2 Other) may include cash or cash equivalent securities.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?

Not applicable.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not commit to a minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy and this is therefore deemed to constitute 0%.

The Investment Manager reports in the Company's annual report to what extent the sub-fund's investments were aligned during the reference period with an environmental objective aligned with EU taxonomy.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?**

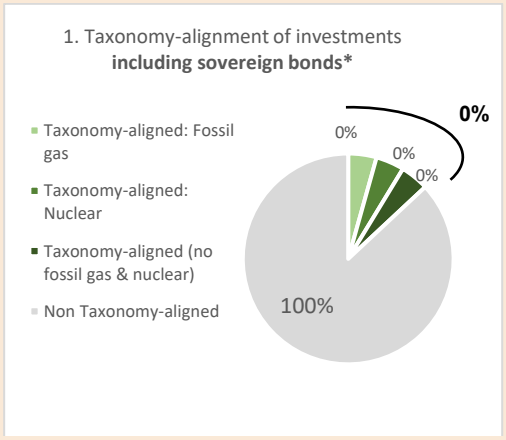
☐ Yes:

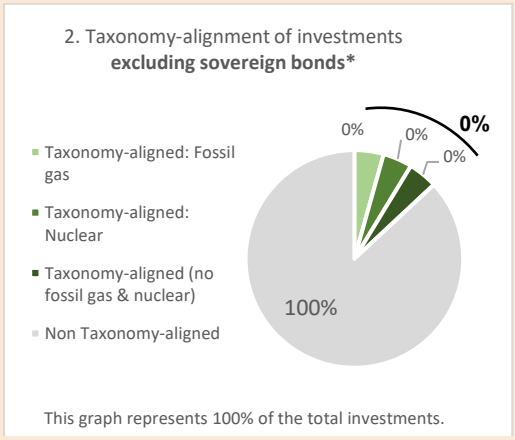
☐ In fossil gas ☐ In nuclear energy

☒ No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.
**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

**What is the minimum share of socially sustainable investments?**

Not applicable.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

"Other" investments can be used by the Investment Manager for example for performance, diversification, liquidity and/or hedging purposes. No minimum safeguards are considered for these investments, while "Other" investments do not

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

include any names designated under the Investment Manager's entity-level exclusion policy or "Exclusions" at the product-level of the Sub-Fund.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**

https://www.smd-am.co.uk/legal-and-compliance/sustainability-related-disclosures

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**
SMD-AM China A Shares Fund

**Legal entity identifier:**
213800OEZS7UQ87INZ98

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

●● ☐ **Yes**

●○ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ___%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and/or social characteristics by promoting a general ESG integration approach based on ESG data provided by a third-party ESG data provider (details below).

In addition, the Sub-Fund applies the following ESG exclusion list, by excluding companies/issuers that are involved in the following:

- Controversial weapons: zero percent revenue tolerance regarding any direct involvement in the production of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons),

- Tobacco: more than 5% revenue generated from the manufacturing of tobacco products,

- Thermal Coal: more than 5% revenue from the extraction of thermal coal, and

- Coal Power: more than 25% revenue generated from the thermal coal power generation,

(together the "**Exclusions**").

The Investment Manager will evaluate the ESG related characteristics of the Sub-Fund's portfolio based on the Sustainalytics ESG Risk Rating and compose the Sub-Fund's portfolio by maintaining a weighted-average score of the Sub-Fund's portfolio which is better than that of the Sub-Fund's benchmark: MSCI China A Onshore NR USD (the "**Benchmark**").

The Sub-Fund does not use a benchmark to attain its promoted environmental and social characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

  The Sub-Fund uses following sustainability indicators to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund:

  1. Percentage of the Sub-Fund's portfolio which maintains a weighted-average score which is better than that of the Benchmark.

  2. Percentage of the Sub-Fund's portfolio that meets the exclusion criteria.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

  Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

  Not applicable.

  *How have the indicators for adverse impacts on sustainability factors been taken into account?*

  Not applicable.

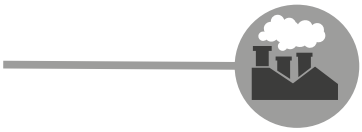
*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

✖ Yes, the Sub-Fund takes into account Principal Adverse Impacts (PAI). For this purpose, the mandatory and certain selected "Opt-in PAI" indicators from Table 1-3 Annex I Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 are used as a basis:

The Investment Manager's investment team considers PAIs of investment decisions, throughout comprehensive investment actions, alongside the relevant financial risks and relevant sustainability risks while embracing dynamic materiality to focus on information material or likely to be material.

"PAI Due Diligence" is the essential foundational process of the Sub-Fund, to be systematically carried out throughout the entire life-cycle of investment operations, which is an on-going, proactive and reactive, and process-oriented activity of firm-wide stewardship activities with active ownership.

The "PAI Due Diligence" process for the Sub-Fund's comprehensive investment activities, consists of the following 6 elements;

1) Policy Framework
2) Identification and Prioritization of Actual/Potential Adverse Impacts
3) Consideration of PAIs in Investment Processes
4) Engagement and Escalation
5) Collaborative Engagement and References to International Standards
6) Monitoring and Disclosure/Reporting

The Investment Manager focuses on and will disclose the above-mentioned PAIs in the format of the weighted average of the Sub-Fund's portfolio. The PAIs do not constitute binding investment limits for the individual portfolio decisions of this Sub-Fund.

The Investment Manager shall make reasonable efforts to obtain the required data directly or through third parties (data providers). Where this is not possible, the Investment Manager shall make a best estimate.

Further information will be provided in the periodic report of the Fund as required under Article 11 SFDR.

No

## What investment strategy does this financial product follow?

The Sub-Fund may invest up to 100% of its net assets in China A Shares, as described in detail in the Sub-Fund's investment policy.

The Investment Manager first applies the Exclusions as part of the investment selection process.

The Investment Manager then evaluates the Sub-Fund's investment universe based on the Sustainalytics ESG Risk Rating and composes the Sub-Fund's portfolio by maintaining a weighted-average score of the Sub-Fund`s portfolio which is better than that of the Benchmark.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The following elements are binding elements of the Sub-Fund's investment strategy.

  1. Application of the Exclusions

  2. Evaluation of the ESG Risk Rating

  On the basis of the Sustainalytics ESG Risk Rating, the Sub-Fund's portfolio will be composed of and maintain a weighted-average score better than that of the Benchmark.

  The concept and methodology of Sustainalytics ESG Risk Rating are available on its website: https://www.sustainalytics.com/esg-data.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  Not applicable

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

  The assessment of the good governance practices of the target investments is based on the Investment Manager’s entity-level exclusion policy which is applied to all of the Sub-Fund’s investments.

  The Investment Manager determines investment constraints based on its "Rules on managing Unsuitable Investee Companies", when an investment is inappropriate from a good governance perspective. This rule excludes companies which do not meet the requirement of good governance practices from the Investment Manager's investment universe.

  The process of negative screening and the exclusion criteria leverages the third-party database used for this Sub-Fund, covering sound management structures,

employee relations, remuneration of staff and tax compliance, and adhering to minimum environmental or social safeguards.

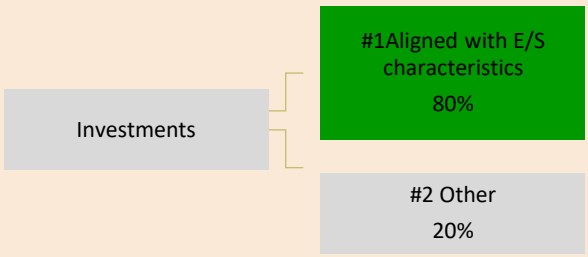
## What is the asset allocation planned for this financial product?

The Sub-Fund invests at least 80% of its assets in investments that are aligned with the promoted environmental and/or social characteristics (#1 Aligned with E/S characteristics).

The investments which are not aligned with these characteristics (#2 Other) may include cash or cash equivalent securities.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

  Not applicable

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund does not commit to a minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy and this is therefore deemed to constitute 0%.

The Investment Manager reports in the Company's annual report to what extent the sub-fund's investments were aligned during the reference period with an environmental objective aligned with EU taxonomy.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?**

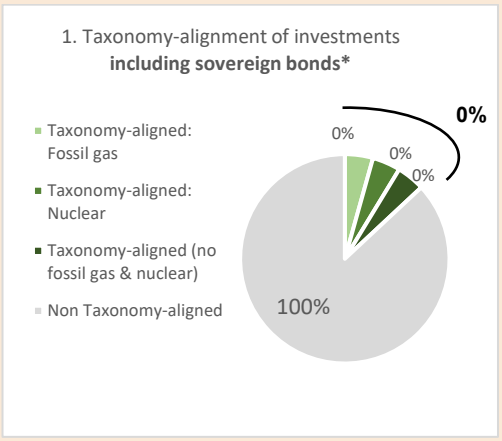
☐ Yes:

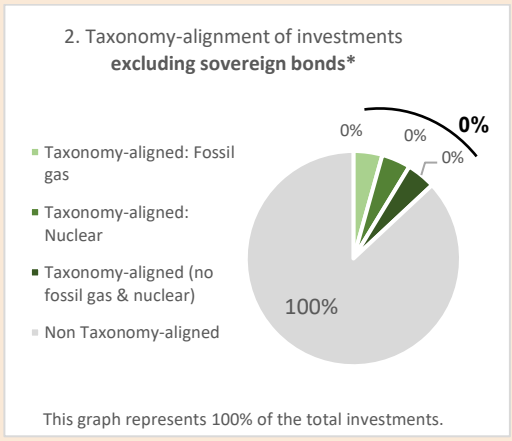
☐ In fossil gas ☐ In nuclear energy

☒ No

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation EU) 2022/1214.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

**What is the minimum share of socially sustainable investments?**

Not applicable.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

"Other" investments can be used by the Investment Manager for example for performance, diversification, liquidity and/or hedging purposes. No minimum safeguards are considered for these investments. For the avoidance of doubt, investments under "Other" do not include any securities that were previously excluded as per the Investment Manager's entity-level exclusion policy or "Exclusions" at the product-level of the Sub-Fund.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

https://www.smd-am.co.uk/legal-and-compliance/sustainability-related-disclosures

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**
SMD-AM Ares ESG Enhanced Global High Yield Bond Fund

**Legal entity identifier:**
213800IKWO7BJPUD7M73

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

- ☐ **Yes**
- ☒ **No**

- ☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It will make a minimum of **sustainable investments with a social objective:** ___%
- ☒ It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and/or social characteristics through the application of the Socially Responsible Negative Exclusion Screen (as defined below).

The Sub-Investment Manager will seek to minimize the Sub-Fund's exposure to certain carbon intensive sectors and controversial industries and issuers with an Ares ESG Rating of Single-B or less by reference to the issuers which comprise the ICE BofA Global High Yield Constrained Index (HW0C) (the "**Benchmark**").

Specifically the Sub-Investment Manager will screen out any investments made by the Sub-Fund in debt issuers which at the time of the Sub-Fund's initial investment in such issuer (and as determined by the Sub-Investment Manager in its reasonable opinion, having made reasonable

enquiry in good faith), in compliance with the binding elements such as investments excluding certain carbon intensive sectors or investing in a socially responsible manner, developed below. The Sub-Investment Manager will also exclude from the Sub-Fund, issuers which at the time of the Sub-Fund's initial investment in such issuer (and as determined by the Sub-Investment Manager in its reasonable opinion, having made reasonable enquiry in good faith) have an Ares ESG Rating of Single-B or less.

The methodology underlying the proprietary ESG score and its binding elements are detailed below, in the section titled, "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*".

The Sub-Fund does not use a reference benchmark to attain its promoted environmental and social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund uses the following sustainability indicator to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund:

1. Carbon Intensive Exclusion Screen – the value of investments made that on the reference date are inconsistent with the exclusion. This is anticipated to be zero;

2. Socially Responsible Negative Exclusion Screen. The value of investments made that on the reference date are inconsistent with the exclusion. This is anticipated to be zero; and

3. Enhanced Due Diligence Screen - The value of investments made that on the reference date are considered rated "B" or less. Where the Sub-Fund holds an investment on the reference date which is rated at "B" or less due to a change in the composite score of the borrower/issuer after the most recent quarterly review, the Sub-Investment Manager will provide details of when the Sub-Fund divested of the relevant investment in the next periodic report.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The financial product has no sustainable investment objective, therefore the concept of "do not significant harm" does not apply.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

  Not applicable.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

  Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

## Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes, _____

☒ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Sub-Fund aims for long-term growth of its assets through primarily investing in Global high yield bonds, as described in detail in the Sub-Fund's investment policy.

The Sub-Investment Manager will evaluate the investment universe based on its proprietary ESG score and compose the portfolio of the Sub-Fund with the application of the Socially Responsible Negative Exclusion Screen.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The binding elements of the Sub-Fund's investment strategy is a combination of Sub-Investment Manager's application of the Socially Responsible Negative Exclusion Screen and the Enhanced ESG Due Diligence Screen (as defined below).

1. **Excluding certain carbon intensive sectors:** the Sub-Investment Manager will exclude any investment which at the time of the Sub-Fund's initial investment (and as determined by the Manager in its reasonable opinion, having made reasonable enquiry in good faith):
    a. derives 10 % or more of revenues from exploration, mining, extraction, distribution or refining of oil fuels;
    b. derives 50% or more of revenues from exploration, extraction, manufacturing or distribution of gaseous fuels;
    c. derives 1% or more of revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
    d. derives 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO2 e/kWh;

    (together the **"Carbon Intensive screen"**).

2. **Investing in a socially responsible manner:** the Sub-Investment Manager will exclude any investment which at the time of the Sub-Fund's initial investment (and as determined by the Manager in its reasonable opinion, having made reasonable enquiry in good faith):
    a. derives a majority of revenues from the production, dissemination and/or promotion of pornography;
    b. is involved in the cultivation and production of tobacco;
    c. is involved in any activities related to controversial weapons;
    d. that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; or
    e. has been (or whose current senior management have been) convicted for violations of anti-corruption and anti-bribery laws and has demonstrated an ongoing failure to take action to address, manage and prevent bribery and corruption risks in such business's operations

    (together the "**Socially Responsible Negative Exclusion Screen**")

3. **Excluding 'laggard' Investments due to lack of progress on ESG issues:** The Sub-Investment Manager will apply an enhanced due diligence screen (as described more fully below, hereafter the "**Enhanced Due Diligence Screen**") by which the Sub-Fund will:
    a. not invest in Investments that directly relate to borrower or issuers the Sub-Investment Manager (in its reasonable opinion) considers are lagging behind their respective peers on identified environmental, social and governance ("**ESG**") issues; and
    b. seek predominantly to acquire Investments that directly relate to borrowers or issuers that the Sub-Investment Manager (in its reasonable opinion) considers are making progress on identified ESG issues.

(i) After the application of the Socially Responsible Negative Exclusion Screen and as part of its due diligence process, the Sub-Investment Manager will establish whether a potential borrower/issuer has an MSCI ESG Rating:

a. Where the borrower/issuer does have an existing MSCI ESG Rating, the Sub-Investment Manager will assess the ESG scores and data which support the MSCI ESG Rating with a view to determining the issuer/borrower's progress on ESG issues (beyond the management of ESG risk or opportunity). In addition, the Sub-Investment Manager will carry out its own ESG due diligence assessment to determine such progress on ESG issues by reference to (I) comparative ratings or underlying data provided by third party sustainability data providers; and (II) (where possible), direct engagement and feedback with the borrower/issuer. After such assessment, the Sub-Investment Manager will (in its reasonable opinion) adjust the underlying ESG scores as necessary to be reflective of the issuer/borrowers' progress on ESG issues; and

b. Where the borrower/issuer does not have an official MSCI ESG Rating, the Sub-Investment Manager will seek to use what the Sub-Investment Manager reasonably considers to be similar methodology and research tools to MSCI (in addition to the use of comparative ratings or data provided by third parties and direct engagement as described above), to determine what the Sub-Investment Manager (in its reasonable opinion) considers are ESG scores that are reflective of the relevant borrower/issuer progress on ESG issues;

(ii) Following the assessment at (i) above, the Sub-Investment Manager will produce a composite score and rating (the "**Ares ESG Rating**") for each borrower/issuer by reference to the MSCI ESG Rating framework (CCC-AAA).

(iii) Any Investment directly related to a potential borrower/issuer which has an Ares ESG Rating of “B” or less is then automatically excluded;

All Ares ESG Ratings will be re-assessed on a quarterly basis. Where a borrower/issuer's Ares ESG Rating drops to the level of "B" or less after such assessment, the Sub-Investment Manager will take steps to divest the Sub-Fund of the relevant Investment as soon as reasonably practicable, subject to the Sub-Investment Manager's duty not to subordinate the Sub-Fund’s investment returns or increase the Sub-Fund’s investment risks as a result of any illiquidity or fall in value of the relevant Investment.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

The Sub-Fund has not set a minimum rate of reduction for the applicable investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

***What is the policy to assess good governance practices of the investee companies?***

The Sub-Fund's use of the Enhanced Due Diligence Screen will include consideration of relevant governance factors that relate to sound management structures, employee relations, remuneration of staff and tax compliance.

In addition, the Sub-Investment Manager carries out the following processes, in line with the Sub-Investment Manager's good governance policy:

- Relevant governance factors identified above are taken into account when the Sub-Investment Manager determines the Ares ESG Rating of the investment.

- Upon closing an investment, the Investment Team will continue to monitor governance related practices via electronic searches, reviews of disclosures by the investee company and periodic interaction with key stakeholders. Any major updates or violations will be reported directly to senior heads of the Investment Team.

In relation to Alternative Credit Instruments, the methodology for assessing governance may vary according to the structure of the investment among other factors.

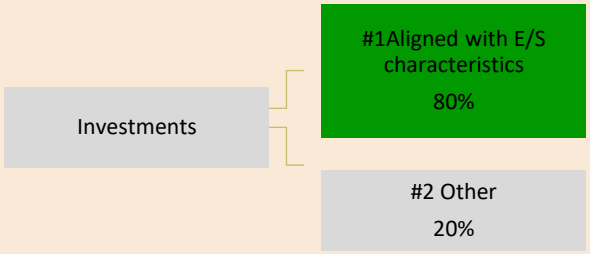
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The Sub-Fund invests at least 80% of its assets in investments that are aligned with the promoted environmental and/or social characteristics (#1 Aligned with E/S characteristics).

The investments which are not aligned with these characteristics (#2 Other) may include cash or cash equivalent securities.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

The Sub-Fund does not use derivatives for the attainment of the promoted environmental and social characteristics.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not commit to a minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy. The Sub-Investment Manager will periodically report with respect to the extent the Sub-Fund´s investments were aligned with an environmental objective in line with EU Taxonomy during the reference period based on available and reliable information.

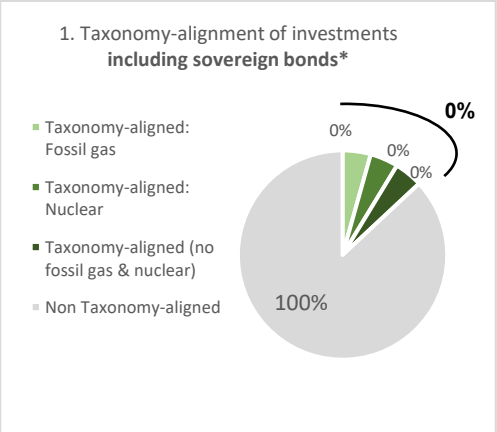
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[4]?**

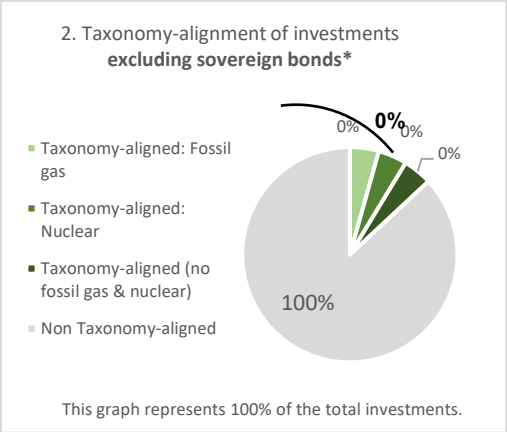
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.

The Sub-Fund does not seek a minimum proportion of investment in transitional or enabling activities.

[4] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund does not pursue a defined minimum proportion of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

Not applicable.

The Sub-Fund does not pursue a defined minimum proportion of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

"Other" investments can be used by the Sub-Investment Manager for example for performance, diversification, liquidity and/or hedging purposes. No minimum safeguards are considered for these investments, while "Other" investments do not include any above-specified carbon intensive sectors and controversial industries.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark is designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

### Where can I find more product specific information online?

**More product-specific information can be found on the website:**

https://www.smd-am.co.uk/legal-and-compliance/sustainability-related-disclosures