

ANNOUNCEMENT

NOTICE

To all unit holders of AmAdvantage Global High Income Bond (*formerly known as Advantage Global High Income Bond*) ("Fund")

RE: Issuance of the Sixth Supplementary Information Memorandum dated 16 October 2026 in respect of the Fund

Dear Valued Distributor / Unit Holders,

We wish to inform you that we have lodged the Sixth Supplementary Information Memorandum dated and effective 16 October 2026 in respect of the Fund ("Sixth Supplementary Information Memorandum") with the Securities Commission Malaysia. The Sixth Supplementary Information Memorandum has to be read in conjunction with the Information Memorandum dated 20 July 2017, the First Supplementary Information Memorandum dated 6 December 2017, the Second Supplementary Information Memorandum dated 12 July 2019, the Third Supplementary Information Memorandum dated 5 May 2020, the Fourth Supplementary Information Memorandum dated 5 July 2022 and the Fifth Supplementary Information Memorandum dated 31 January 2024 for the Fund.

The Sixth Supplementary Information Memorandum is issued to include the following, but is not limited to:

- the issuance of the first supplemental deed for the Fund dated 10 September 2026;
- the change of name of the Fund;
- the updates made to the disclosure in "Definitions";
- the updates made to the disclosure in "Corporate Directory";
- the updates made to the disclosure in "The Information on HSBC Global Investment Funds - Global High Income Bond (the Target Fund)";
- the updates made to the disclosure in "Risk Factors";
- the updates made to the disclosure in "Fees, Charges and Expenses";
- the updates made to the disclosure in "Transaction Information";
- the updates made to the disclosure in "The Management Company";
- the updates made to the disclosure in "Salient Terms of the Deed";
- the updates made to the disclosure in "Related Party Transactions or Conflict of Interest"; and
- the updates made to the disclosure in "Additional Information".

For further details, kindly refer to the Sixth Supplementary Information Memorandum and summary list of amendments below. Please do not hesitate to contact us at:

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AmFunds Management Berhad

16 October 2026

Summary List of Key Amendments for the Sixth Supplementary Information Memorandum. This Sixth Supplementary Information Memorandum has to be read in conjunction with the Information Memorandum dated 20 July 2017, the First Supplementary Information Memorandum dated 6 December 2017, the Second Supplementary Information Memorandum dated 12 July 2019, the Third Supplementary Information Memorandum dated 5 May 2020, the Fourth Supplementary Information Memorandum dated 5 July 2022 and the Fifth Supplementary Information Memorandum dated 31 January 2024 for the Fund (“Information Memorandums”).

Details	Prior disclosure in the Information Memorandums		Revised disclosure in the Sixth Supplementary Information Memorandum
Fund Name	Advantage Global High Income Bond.		AmAdvantage Global High Income Bond (<i>formerly known as Advantage Global High Income Bond</i>).
The deletion of definition of “AmInvest” and “BNM” under Section 1 “Definitions”	AmInvest	The brand name for the funds management business of AMMB Holdings Berhad comprising AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd.	Deleted.
	BNM	Bank Negara Malaysia established under the Central Bank of Malaysia Act 2009.	
The amendment of definition of “Business Day” and “Sophisticated Investor(s)” under Section 1 “Definitions”	Business Day	A day on which Bursa Malaysia and/ or banks in Kuala Lumpur are open for business. The Manager may declare certain Business Day to be a non-Business Day although banks are open, if the market in which the Fund is invested is closed for business. This is to ensure that Sophisticated Investors are given a fair valuation of the Fund when making subscription or redemption.	Business Day A day on which the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and/or commercial banks in Kuala Lumpur are open for business. The Manager may declare certain Business Days to be non-Business Days although Bursa Malaysia and/or commercial banks in Kuala Lumpur are open, if: (i) the markets in which the Fund is invested in are closed for business; and/or (ii) the management company or investment manager of the Target Fund declares a non-business day and/or non-dealing day. This is to ensure that investors are given a fair valuation of the Fund when making subscriptions or redemptions. This information will be communicated to you via our website at www.aminvest.com. Alternatively, you may contact our Customer Service at (03) 2032 2888.

	Sophisticated Investor(s) Means any person who comes within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the CMSA.	Sophisticated Investor(s) Has the same meaning as prescribed in the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and Guidelines on Categories of Sophisticated Investors or such other relevant laws and guidelines as may be amended from time to time.
The inclusion of definition of “2010 Law”, “Bond Connect”, “CAAP”, “China A-shares”, “China B-shares”, “CIBM Initiative”, “Emerging Markets”, “ESG”, “Excluded Activities”, “HSBC or HSBC Group”, “OTC”, “PRC”, “Regulated Market”, “SAT”, “Securities Lending”, “SFDR”, “SFT”, “SFTR”, and “Total Return Swap” under Section 1 “Definitions”	Nil.	2010 Law Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, implementing UCITS IV directive 2009/65/EC into the Luxembourg law. Bond Connect A bond trading link between mainland China and Hong Kong SAR which allows foreign institutional investors to invest in onshore Chinese bonds and other debt instruments traded on the China Interbank Bond Market (“CIBM”). CAAP Means a China A-shares Access Product, i.e. a security (such as a participation note, warrant, option, participation certificate) linked to a China A-share or portfolios of China A-shares which aims to synthetically replicate the economic benefit of the relevant China A-share or portfolios of China A-shares. China shares A- Shares issued by companies listed on the Shanghai or Shenzhen stock exchange and denominated in RMB. China shares B- Shares issued by companies listed on the Shanghai or Shenzhen stock exchange and denominated in USD or Hong Kong Dollar (“HKD”). CIBM Initiative An initiative from the People’s Bank of China (“PBOC”) offering access for foreign institutional investors to onshore Chinese bonds and other debt instruments traded on the China Interbank Bond Market (“CIBM”) subject to complying with the applicable rules and regulations as promulgated by the PRC authorities. Emerging Markets Emerging markets are those markets in countries that are not amongst the following groups of industrialised countries: United States of America and Canada, Switzerland and Members of the European Economic Area, the United Kingdom, Japan, Australia and New

			Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets.
		ESG	Environmental, social and governance factors which can be considered as non-financial performance indicators which include ethical, sustainable and corporate government issues.
		Excluded Activities	Companies and/or issuers subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.
		HSBC or HSBC Group	Collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices, and any member of the HSBC Group.
		OTC	Over-the-counter.
		PRC	People's Republic of China.
		Regulated Market	A regulated market as defined in Article 4 (21) of directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in any member state of the European Union or any other state in Eastern and Western Europe, Asia, Africa, Australia, North America, South America and Oceania. ("Eligible State").
		SAT	State Administration of Taxation of the PRC.

		Securities Lending Securities Lending is a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities at a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred. SFDR Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time. SFT Means Securities Financing Transactions. SFTR Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as amended from time to time. Total Return Swap Total Return Swaps ("TRS") is the generic name for any OTC swap agreement where one party agrees to pay the other the "total economic performance" (including income from interest and fees, gains and losses from price movement and credit losses) of a defined underlying asset, usually in return for receiving a stream of fixed or variable rate cash-flows.
The information in relation to Section 2 "Corporate Directory"	Nil.	Note: The corporate information which may be updated from time to time is also available on our website at www.aminvest.com/connect/corporate-directory .
The information in relation to Section 4.4 "Investment"	The Target Fund invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies. This may include investment grade bonds, high yield bonds and Asian	The Target Fund invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies,

Objective and Policy”	and emerging markets debt instruments. Investment in mortgage and asset backed securities will be limited to a maximum of 20% of the Target Fund net assets. The Target Fund may invest in fixed income securities or guaranteed by governments, government agencies, quasi-government entities, state sponsored enterprises, local or regional governments (including state, provincial, and municipal governments and governmental entities) and supranational bodies of developed or emerging markets. Investment in onshore Chinese fixed income securities include, but are not limited to, onshore fixed income securities denominated in RMB, issued within the People’s Republic of China (PRC) and traded on the China Interbank Bond Market (CIBM). The Target Fund may invest up to 10% of its net assets in onshore Chinese bonds issued by, amongst other, municipal and local governments, companies and policy banks. The Target Fund may invest up to 10% of its net assets in convertible bonds (excluding contingent convertible securities). The Target Fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%. The asset allocation of the Target Fund is managed with regard to the following neutral positions. Allocation may match these weights or be overweight and underweight based on the Target Fund manager’s assessment of the best allocation to achieve the Target Fund’s investment objective. The Target Fund may use financial derivative instruments for hedging purposes. The Target Fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the Target Fund is permitted to use include, but are not limited to, futures, options, swaps (such as credit default swaps) and foreign exchange forward (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the Target Fund may invest	while promoting ESG characteristics within the meaning of Article 8 of SFDR. The Target Fund aims to have a higher ESG score, calculated as a weighted average of the ESG scores of the issuers in which the Target Fund has invested, than the weighted average of the ESG scores of the constituents of each of the asset classes that the Target Fund may invest in, as referenced in the below table. The weighted averages of the ESG scores for both the Target Fund and the constituents of each of the Target Fund’s asset classes will be calculated at Target Fund and asset class level, which enables the Target Fund’s ESG performance to be evaluated at Target Fund or asset class level. Given the Target Fund’s active asset class weightings, it is possible for the Target Fund to have higher ESG scores in each of its asset classes, while not necessarily having a higher ESG score than the constituents of each of the Target Fund’s asset classes at Target Fund level. Asset classes may include but are not limited to developed market sovereigns, developed markets investment grade corporate securities, developed markets high yield corporate securities, Emerging Markets sovereigns and Emerging Markets corporate securities. The Target Fund may invest in investment grade rated bonds, high yield bonds and Asian and Emerging Market debt instruments. Investments in Asset Backed Securities (“ABS”) and Mortgage Backed Securities (“MBS”) will be limited to a maximum of 20% of the Target Fund net assets. The Target Fund may invest in fixed income securities issued or guaranteed by governments, government agencies, quasi-government entities, state sponsored enterprises, local or regional governments (including state, provincial, and municipal governments and governmental entities) and supranational bodies of developed or Emerging Markets.
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		The Target Fund includes the identification and analysis of an issuer's environmental and social factors and corporate governance practices as an integral part of the investment decision making process. Issuers considered for inclusion within the Target Fund's portfolio will be subject to excluded activities in accordance with HSBC Asset Management's Responsible Investment Policies[#], which may change from time to time: Banned Weapons - The Target Fund will exclude issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions. Where HSBC has identified potential involvement, those issuers may be subject to ESG due diligence checks to determine whether those issuers should be excluded from the Target Fund's portfolio. Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments. Controversial Weapons - The Target Fund will not invest in issuers HSBC considers to be directly involved in the production of controversial weapons or their key components. Controversial weapons include depleted uranium ammunition and depleted uranium armour, incendiary weapons, nuclear weapons and white phosphorus weapons. Where HSBC has identified potential involvement, those issuers may be subject to ESG due diligence checks to determine whether those issuers should be excluded from the Target Fund's portfolio. HSBC may continue to invest in issuers with immaterial involvement. HSBC defines immaterial involvement as being issuers where less than 5% of revenues is derived from the production of controversial weapons or its key components.
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- **Thermal Coal 1 (Revenue threshold)** - The Target Fund will not invest in issuers HSBC considers to have more than 10% revenue generated from thermal coal power generation or extraction and which, in the opinion of HSBC Asset Management, do not have a credible transition plan.
- **Thermal Coal 3 (Expanders)** - The Target Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by issuers HSBC Asset Management considers to be engaged in the expansion of thermal coal production.
- **Tobacco** - The Target Fund will not invest in issuers HSBC considers to be directly involved in the production of tobacco.
- **United Nations Global Compact ("UNGC")** - The Target Fund will not invest in issuers HSBC considers to be non-compliant with UNGC principles. Where instances of potential violations of UNGC principles are identified, issuers may be subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the Target Fund's portfolio.

Note: #For further information regarding "HSBC Asset Management's Responsible Investment Policies", please refer to the latest version available on the website: www.assetmanagement.hsbc.com/about-us/responsible-investing.

Notwithstanding the excluded activities as detailed above, the inclusion of an issuer in the Target Fund's investment universe is at the discretion of the Investment Adviser, following the completion of ESG due diligence. Issuers with improving environmental and social factors and corporate governance practices may be included.

Environmental and social factors, corporate governance practices and excluded activities and the need for ESG due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and scores, fundamental qualitative research and corporate engagement. When assessing issuers' ESG scores or their

involvement in excluded activities, the Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.

The asset allocation of the Target Fund is managed with regard to the following neutral positions. Allocation may match these weights or be overweight and underweight based on the Investment Adviser's assessment of the best allocation to achieve the Target Fund's investment objective.

Asset Class	Weight
USD Emerging Market	25%
US Aggregate Corporate Baa	17.5%
US High Yield Ba	17.5%
Euro Aggregate Corporate Baa Hedged USD	15%
Euro High Yield BB Hedged USD	15%
Global Securitised (including ABS and MBS)	10%

Investment in onshore Chinese fixed income securities include, but are not limited to, onshore fixed income securities denominated in Renminbi ("RMB"), issued within the PRC and traded on the China Interbank Bond Market ("CIBM"). The Target Fund may invest in the CIBM either through Bond Connect and/or the CIBM Initiative. The Target Fund may invest up to 10% of its net assets in onshore Chinese bonds issued by, amongst other, municipal and local governments, companies and policy banks.

The Target Fund may invest up to 10% of its net assets in convertible bonds (excluding contingent convertible securities).

The Target Fund may invest up to 10% of its net assets in contingent convertible securities.

The Target Fund may invest up to 10% of its net assets in units or shares of UCITS and/or other eligible UCIs (including other sub-funds of the Company).

		The Target Fund may also invest in bank deposits, money market instruments or money market funds for treasury purposes. The Target Fund may hold equity securities (including but not limited to warrants, common stock and preferred stock) received as a result of or in connection with a corporate action (including but not limited to bankruptcy or restructuring) affecting existing portfolio holdings. The Target Fund may use financial derivative instruments for hedging purposes and efficient portfolio management purposes. The Target Fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the Target Fund is permitted to use include, but are not limited to, futures, options, swaps (such as credit default swaps) and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the Target Fund may invest. The Target Fund is actively managed and does not track a benchmark. The Performance Benchmark used for Target Fund market comparison purposes is Bloomberg Global Aggregate Corporate USD Hedged. The Investment Adviser will use its discretion to invest in securities not included in the Performance Benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the Target Fund's investments will be components of the Performance Benchmark. However, their weightings may deviate materially from those of the Performance Benchmark. The deviation of the Target Fund's performance and underlying investments' weightings relative to the Performance Benchmark are monitored, but not constrained, to a defined range. <u>Use of SFT and TRS</u> The proportion of the Target Fund's net assets that could be subject to SFT and TRS in accordance with SFTR will be as follows:
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		<table border="1"> <thead> <tr> <th>Type</th><th>Maximum</th><th>Expected</th></tr> </thead> <tbody> <tr> <td>Total Return Swaps</td><td>N/A</td><td>N/A</td></tr> <tr> <td>Securities Lending</td><td>29%</td><td>25%</td></tr> </tbody> </table> <u>Risk Management</u> The global exposure relating to the Target Fund will be calculated using a relative Value-at-Risk ("VaR") approach benchmarked against the Performance Benchmark. The average leverage of the Target Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 100%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way). For further information, please refer to Section 4.7 "Risk-Management Process" of the Information Memorandum.	Type	Maximum	Expected	Total Return Swaps	N/A	N/A	Securities Lending	29%	25%
Type	Maximum	Expected									
Total Return Swaps	N/A	N/A									
Securities Lending	29%	25%									
The information in relation to item VI(c) of Section 4.5 "General Investment Restrictions"	c) If the Company invests in shares or units of UCITS (including other sub-funds of the Company) and/or other eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, subscription or repurchase fees between the Company and the UCITS and/or other eligible UCIs into which the Company invests. In derogation of this, if the Company invests in shares of HSBC ETFs PLC, then there may be duplication of management fees for the Target Fund. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to HSBC ETFs PLC. If the Target Fund's investments in UCITS and other eligible UCIs constitute a substantial proportion of the Target Fund's assets, the total management fee (excluding any performance fee, if any) charged both to the Target Fund itself and the other UCITS and/or other eligible UCIs concerned shall not exceed 3.00% of the relevant	c) Where the Company invests in shares or units of UCITS (including other sub-funds of the Company) and/or other eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, subscription or repurchase fees between the Company and the UCITS and/or other eligible UCIs into which the Company invests. In derogation of this, if the Company invests in shares of HSBC ETFs PLC or certain sub-funds of the HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV, then there may be duplication of management fees for the Target Fund. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to HSBC ETFs PLC and/or HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV. If the Target Fund's investments in UCITS and other eligible UCIs constitute a substantial proportion of the Target Fund's assets, the total management fee (excluding any performance fee, if any)									

	assets. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other eligible UCIs in which the Target Fund has invested during the relevant period.	charged both to the Target Fund itself and the other UCITS and/or other eligible UCIs concerned shall not exceed 3.00% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other eligible UCIs in which the Target Fund has invested during the relevant period.
The information in relation to Section 4.6 "Restrictions on the Use of Techniques and Instruments"	Financial derivative instruments may be used for investment, hedging and efficient portfolio management purposes. Securities lending and repurchase agreements under a) and b) below may be used for efficient portfolio management purposes. Efficient Portfolio Management Efficient Portfolio Management ("EPM") refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: 1. They are economically appropriate in that they are realised in a cost-effective way, 2. They are entered into for one or more of the following specific aims: • reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio), • reduction of cost (e.g. be short term cash flow management or tactical asset allocation), • generation of additional capital or income, with a level of risk that is consistent with the risk profile of the Target Fund (e.g. securities lending and/or repurchase (and reverse repurchase) agreements where the collateral is not reinvested for any form of leverage). The use of financial derivative instruments introduces an additional exposure of counterparty risk by the Target Fund, although this is managed through internal risk control mechanisms and according to the diversification and concentration requirements of the UCITS regulation.	Financial derivative instruments may be used for investment, hedging and efficient portfolio management purposes. Securities Lending agreements as described below may be used for efficient portfolio management purposes. I. Efficient Portfolio Management Efficient Portfolio Management ("EPM") refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: 1. They are economically appropriate in that they are realised in a cost-effective way, 2. They are entered into for one or more of the following specific aims: • reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio), • reduction of cost (e.g. be short term cash flow management or tactical asset allocation), • generation of additional capital or income, with a level of risk that is consistent with the risk profile of the Target Fund (e.g. securities lending and/or repurchase agreements where the collateral is not reinvested for any form of leverage). The use of financial derivative instruments introduces an additional exposure of counterparty risk by the Target Fund, although this is managed through internal risk control mechanisms and according to the diversification and concentration requirements of the UCITS regulation.

	The use of these EPM instruments/techniques does not change the objective of the Target Fund or add substantial risks in comparison to the original risk policy of a sub- fund. Any EPM instruments/techniques are included within the Company's liquidity risk management process to ensure that the Company can continue to meet redemptions within the obligated timeframe. HSBC Global Asset Management is responsible for managing any conflict that might exist such that conflicts are prevented from negatively impacting shareholders. All revenues generated from EPM techniques are returned to the Target Fund. Revenues received by third party facilitators (e.g. third-party agent lenders or broker-dealers) or affiliates, must be commercially justifiable given the level of service. Global Exposure The global exposure of the Target Fund relating to derivative instruments may not exceed the net assets of the Target Fund. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the next two sub-paragraphs. If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in item III. a) to e) of "General Investment Restrictions". When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in item III. a) to e) of "General Investment Restrictions". When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements set out in the preceding subparagraph. Securities Lending and Repurchase Transactions	The use of these EPM instruments/techniques does not change the objective of the Target Fund or add substantial risks in comparison to the original risk policy of the Target Fund. Any EPM instruments/techniques are included within the Company's liquidity risk management process to ensure that the Company can continue to meet redemptions within the obligated timeframe. HSBC Asset Management is responsible for managing any conflict that might exist such that conflicts are prevented from negatively impacting shareholders of the Target Fund. All revenues generated from EPM techniques are returned to the Target Fund. Revenues received by third party facilitators (e.g. third-party agent lenders or broker-dealers) or affiliates, must be commercially justifiable given the level of service. II. SFTR The Company will not enter into the following securities financing transactions ("SFT(s)") in accordance with the definitions described in the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as amended from time to time ("SFTR"): - repurchase agreement transactions; - buy-sell back/sell-buy back transactions; - margin lending. In case the Company decides to use any of the above-mentioned SFTs, the Target Fund's prospectus will be updated accordingly. III. Global Exposure The global exposure of the Target Fund relating to derivative instruments may not exceed the net assets of the Target Fund.
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To the maximum extent allowed by, and within the limits set forth in, the regulations, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 relating to undertakings for collective investments, (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments (iii) ESMA's Guidelines of 1 August 2014 on ETFs and other UCITS issues (ESMA/2014/937EN) and (iv) CSSF Circular 14/592 (as these pieces of regulations may be amended, supplemented or replaced from time to time), the Target Fund may for the purpose of generating additional capital or income or for reducing costs or risks and subject to the relevant laws and regulations:

- a) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions (it is not currently the intention of the Company to engage the Target Fund in such transaction); and
- b) engage in securities lending.

The Company does not currently enter into securities lending transactions. Should the Company decide to make use of such transactions in the future, the prospectus of the Target Fund will be updated in conformity with ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937 EN) and any relevant CSSF circular in order to disclose adequate information in this regard.

Collateral

Under the investment advisory agreements, the Investment Advisers have authority to agree the terms for collateral arrangements, duly advising the Management Company of what arrangements have been made, for purposes of managing counterparty risk where transactions in over-the-counter ("OTC") Financial Derivative Instruments ("FDIs") have been executed. Transactions in FDIs can only be executed with approved counterparties. Such transactions will at all times be governed by approved Group standard documentation such as a legally enforceable bilateral ISDA, and an accompanying Credit Support Annex ("CSA") where it has been agreed that collateral will form part of the transaction.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the next two sub-paragraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in item III. (a) to (e) of the "General Investment Restrictions" above. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in item III. (a) to (e) of "General Investment Restrictions" above.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements set out in the preceding subparagraph.

IV. Securities Lending

The Target Fund may for the purpose of generating additional capital or income (either through the fee paid by the borrowers or the reinvestment of the cash collateral) or for reducing costs participate in securities lending subject to complying with the provisions set forth in SFTR, European Securities and Markets Authority's ("ESMA's") Guidelines of 1 August 2014 on Exchange Traded Funds ("ETFs") and other UCITS issues (ESMA/2014/937EN) (the "ESMA Guidelines on ETFs and other UCITS issues"), CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments and CSSF Circular 14/592 relating to the ESMA Guidelines on ETFs and other UCITS issues (the "CSSF Circular 14/592") and any other applicable laws, regulations, circulars or CSSF positions as may be amended or replaced.

The Management Company can decide which sub-fund should participate in a securities lending programme in which securities are transferred temporarily to approved borrowers approved by the

	Assets received by the Company as collateral in the context of EPM techniques and in the context of OTC FDIs will comply with the following criteria at all times: a) Liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. b) Valuation: eligible collateral, as determined is valued daily by an entity that is independent from the counterparty on a mark-to-market basis. c) Issuer credit quality: non cash collateral received is of high credit quality (at least A3 and A-). d) Haircut policy: haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by the Company as collateral unless suitably conservative haircuts are in place. Haircuts are reviewed by the Management Company on an ongoing basis to ensure that they remain appropriate for eligible collateral taking into account collateral quality, liquidity and price volatility. e) Correlation: collateral received by the Company is issued by an entity that is independent from the counterparty or by one that is expected not to display a high correlation with the performance of the counterparty. f) Diversification: collateral received by the Company will remain sufficiently diversified such that no more than 20% of the net asset value of the Target Fund will be held in a basket of non-cash collateral (and reinvested collateral) with the same issuer.	Management Company in exchange for collateral. Any of the transferable securities (e.g. equities and equity-related instruments, fixed income instruments) shares/units of UCIs or money market instruments belonging to a sub-fund which the Company's securities lending agent (the "Lending Agent") deems lendable, may be subject to securities lending, excluding any securities or collateral issued by any entity in the HSBC Group and any collateral received pursuant to a financial derivative contract. The aim is to use securities lending on a continuous basis. The proportion of the Target Fund's net assets subject to securities lending transactions is typically intended to be around 25%. This proportion may however be dependent on factors such as, the Target Fund's total net assets, borrower demand to borrow stocks from the underlying market and seasonal trends in the underlying market. During periods of little or no demand from the market to borrow the underlying securities, the proportion of the Target Fund's net assets subject to securities lending may be lower, while there may also be periods of higher demand, in which case this proportion may be higher. The Lending Agent shall receive a fee of 15% of the gross revenue for its services related to securities lending and the Management Company a fee of 10% of the gross revenue for the oversight work undertaken in relation to securities lending. The remainder (i.e. 75%) of the gross revenue is received by the Target Fund taking part in the securities lending programme. The revenue received by the Target Fund arising from securities lending transactions as well as the identity of the Lending Agent will be specified in the Company's semi-annual and annual reports. The Management Company and the Lending Agent are part of the HSBC Group. As a result, the Management Company may be exposed to a conflict of interest in as far that such a set-up would result in additional remuneration for the HSBC Group to which the Management Company and the Lending Agent belong. In this context, the Management Company and the Lending Agent have
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	g) Enforceability: collateral received by the Company is capable of being fully enforced by the Company at any time without reference to or approval from the counterparty. h) Non-cash collateral received should not be sold, reinvested or pledged. i) Reinvestment of cash collateral: where received by the Company, reinvested cash collateral will remain sufficiently diversified in accordance with the diversification requirements applicable to non-cash collateral and may only be: - Placed on deposit with credit institution having its registered office in a country which is a member state of the EU or with a credit institution having its registered office in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law; - Invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds approved by the Management Company. - The Management Company may delegate authority to the securities lending agent to invest cash collateral into qualifying HSBC products. j) If the Target Fund receives collateral for at least 30% of its net assets, it will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral. This stress testing policy will: - ensure appropriate calibration, certification and sensitivity analysis; - consider an empirical approach to impact assessment, including back-testing of liquidity risk estimates; - establish reporting frequency and limit/loss tolerance threshold/s; and	procedures in place for managing conflicts of interest in order to prevent that they may negatively impact shareholders of the Target Fund. The approval and selection process for counterparties to securities lending is a dynamic assessment of counterparties based on various criteria. Criteria used for approval of counterparties may include, but are not limited to, a counterparty's minimum credit rating, country of origin, accessibility, execution of specialized trade and regulatory risk profile. Securities held for the Target Fund that are the subject of securities lending will be held in custody by the depositary bank (or a sub-custodian on the behalf of the depositary bank) in a registered account opened in the depositary bank's books for safekeeping. V. Repurchase Transactions To the maximum extent allowed by, and within the limits set forth in, the regulations, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 relating to undertakings for collective investments (ii) SFTR (iii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments (iv) ESMA Guidelines on ETFs and other UCITS issues and (iv) CSSF Circular 14/592 (as these pieces of regulations may be amended, supplemented or replaced from time to time), the Target Fund may for the purpose of generating additional capital or income or for reducing costs or risks and subject to the relevant laws and regulations enter, either as purchaser or seller, into optional as well as non-optional repurchase and reverse repurchase agreement transactions (it is not currently the intention of the Company to engage the Target Fund in repurchase agreement transactions). VI. Collateral
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	• consider mitigation actions to reduce loss including haircut policy and gap risk protection. k) Other risks - other risks linked to the management of collateral, such as operational and legal risks, are identified, managed and mitigated by the risk management process. l) Collateral received by the Target Fund in respect of securities lending arrangements with HSBC Bank plc (acting as agent through its securities services) will comply with the following haircut requirements: • Eligible cash collateral will be subject to a minimum positive haircut of 105%; • Other eligible non-cash collateral will be subject to a minimum positive haircut of 105% for fixed income securities and 110% for equities.	Under the investment advisory agreements, the Investment Advisers have authority to agree the terms for collateral arrangements, duly advising the Management Company of what arrangements have been made, for purposes of managing counterparty risk where transactions in OTC Financial Derivative Instruments ("FDIs") have been executed. Transactions in FDIs can only be executed with approved counterparties. Such transactions will at all times be governed by approved group standard documentation such as a legally enforceable bilateral International Swaps and Derivatives Association ("ISDA"), and an accompanying Credit Support Annex ("CSA") where it has been agreed that collateral will form part of the transaction. Assets received by the Company as collateral in the context of EPM techniques and in the context of OTC FDIs will comply with the following criteria at all times: a. Liquidity: any collateral received other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of paragraph V of "General Investment Restrictions". b. Valuation: eligible collateral, as determined is valued daily by an entity that is independent from the counterparty on a mark-to-market basis. c. Issuer credit quality: non cash collateral received is of high credit quality (at least A3 and A-). d. Haircut policy: haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by the Company as collateral unless suitably conservative haircuts are in place. Haircuts are reviewed by the Management Company on an ongoing basis to ensure that they remain appropriate for eligible collateral
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taking into account collateral quality, liquidity and price volatility. For cash collateral, no haircut will apply.

e. Correlation: collateral received by the Company is issued by an entity that is independent from the counterparty or by one that is expected not to display a high correlation with the performance of the counterparty.

f. Diversification: collateral received by the Company will remain sufficiently diversified such that no more than 20% of the net asset value of the Target Fund will be held in a basket of non-cash collateral (and reinvested collateral) with the same issuer.

g. Enforceability: collateral received by the Company is capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

h. Non-cash collateral received should not be sold, reinvested or pledged.

i. Reinvestment of cash collateral: where received by the Company, reinvested cash collateral will remain sufficiently diversified in accordance with the diversification requirements applicable to non-cash collateral and may only be:

- placed on deposit with credit institution having its registered office in a country which is a member state of the EU or with a credit institution having its registered office in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- invested in short-term money market funds as defined in Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds approved by the Management Company. The Management Company may delegate authority to the securities lending agent to invest cash collateral into qualifying HSBC products.

		As of the Target Fund prospectus dated 7 September 2026, the Company only receives cash as collateral and cash collateral will not be reused except as stated below in respect of securities lending. Any cash collateral received as part of securities lending transactions may be reinvested for the account of the Target Fund in eligible money market funds or placed on deposit with an eligible credit institution (as described above). In case of cash collateral reinvestment, all risks associated with a normal investment will apply. j. If the Target Fund receives collateral for at least 30% of its net assets will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral. This stress testing policy will: ensure appropriate calibration, certification and sensitivity analysis; consider an empirical approach to impact assessment, including back-testing of liquidity risk estimates; establish reporting frequency and limit/loss tolerance threshold/s; and consider mitigation actions to reduce loss including haircut policy and gap risk protection. k. Other risks - other risks linked to the management of collateral, such as operational and legal risks, are identified, managed and mitigated by the risk management process. l. Collateral received by the Target Fund in respect of (i) securities lending arrangements with HSBC Bank plc (acting as agent through its securities services) or (ii) reverse repurchase transactions agreements will comply with the haircut requirements whereby cash collateral will be subject to a minimum positive haircut of 102% and eligible non-cash collateral will be subject to a minimum positive haircut of 102% for fixed income securities, 105% for equities, money market securities and exchange traded funds.
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The information in relation to Section 4.7 "Risk Management Process"	The Management Company, on behalf of the Company, will employ a risk-management process which enables it with the Investment Adviser of the Target Fund to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. The Investment Adviser of the Target Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. Upon request of the investor of the Target Fund, the Investment Adviser will provide to the Management Company supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. In summary: Responsibility of the Risk Management Team of the Investment Adviser The Management Company, responsible for the risk management of the Company, has delegated the day to day implementation to the risk management team of the relevant Investment Advisers. They are in charge of the implementation of risk control procedures for the Target Fund. This team will collaborate with the investment team of the Investment Advisers to determine various control limits in order to match the risk profile and strategy of the Target Fund. The Management Company will supervise these risk management functions and will receive appropriate reports. When the Investment Adviser invests, on behalf of the Target Fund it manages, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the Management Company.	The Management Company, on behalf of the Company, will employ a risk-management process which enables it, together with the Investment Adviser of the Target Fund, to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. The Investment Adviser of the Target Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. Upon request of an investor, the Investment Adviser will provide to the Management Company for provision to the relevant investor of the Target Fund supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, the methods chosen to this end and the recent evolution of the risks and yields of the main categories of instruments. Responsibility of the Risk Management Team of the Investment Adviser The Management Company, responsible for the risk management of the Company, has delegated the day-to-day implementation to the risk management team of the relevant Investment Advisers. They are in charge of the implementation of risk control procedures for the Target Fund they manage. This team will collaborate with the investment team of the Investment Advisers to determine various control limits in order to match the risk profile and strategy of the Target Fund. The Management Company will supervise these risk management functions and will receive appropriate reports. When the Investment Adviser invests, on behalf of the Target Fund it manages, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the Management Company.

Commitment Approach and Value-at-Risk Approach

1. Commitment Approach

The Target Fund may have simple and limited positions in financial derivative instruments but can enter into financial derivative instruments transactions for investment purposes other than hedging techniques and efficient portfolio management, in particular to gain exposure to financial markets when the Investment Adviser of the Target Fund believes that it is more efficient to purchase financial derivative instruments than the corresponding physical securities. The Target Fund will use the commitment approach to measure market risk.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to guidelines 10/788 issued by CESR in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

2. Value-at-Risk Approach

The Target Fund applies a Value-at-Risk ("VaR") approach to measure market risk.

The global risk measure may be relative VaR or absolute VaR with respect of the Target Fund investment strategies and benchmark adequacy.

- **Absolute VaR**

The absolute VaR is generally an appropriate approach in the absence of an identifiable reference portfolio or benchmark, for instance for absolute return of the Target Fund. The absolute VaR approach calculates the Target Fund's VaR as a percentage of the net asset value of the Target Fund which must not exceed an absolute limit of 20% as defined by the CSSF.

- **Relative VaR**

Value-at-Risk Approach

The Target Fund applies a Value-at-Risk ("VaR") approach to measure market risk.

The global exposure relating to the Target Fund will be calculated using a relative Value-at-Risk ("VaR") approach.

Relative VaR

The relative VaR approach is used for the Target Fund where a consistent reference portfolio or benchmark reflecting the investment strategy which the Target Fund is pursuing is defined. The relative VaR of the Target Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio and is limited to no more than twice the VaR of the Target Fund's benchmark.

The risk management methodology for the Target Fund and, in case of use of the VaR, the expected level of leverage, the approach used (i.e. relative VaR) and the reference performance benchmark used to express the relative VaR is specified in Section 4.4 – Investment Objective and Policy, Risk Management.

Risk Monitoring Systems

Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, concentration risk and operational risks.

Procedure for Counterparty Approval

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

Investment Breach Reporting

In case of any investment breach, an "escalation process" up to the Management Company will be triggered to inform relevant parties in order for necessary actions to be taken.

	The relative VaR approach is used for the Target Fund where a consistent reference portfolio or benchmark reflecting the investment strategy which the Target Fund is pursuing is defined. The relative VaR of the Target Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR is limited to no more than twice the VaR on the comparable benchmark. The risk management methodology for the Target Fund and, in case of use of the VaR, the expected level of leverage, the approach used (i.e. absolute VaR or relative VaR) and the reference performance benchmark used to express the relative VaR. Risk Monitoring Systems Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, concentration risk and operational risks. Procedure for Counterparty Approval Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties. Investment Breach Reporting In case of any investment breach, an "escalation process" up to the Management Company will be triggered to inform relevant parties in order for necessary actions to be taken.	
The information in relation to Section 4.8 "Redemption Policy of the Target Fund"	Nil.	Redemption requests made to the Company, either directly to the registrar and transfer agent or through a distributor, before the appropriate dealing cut-off times will, if accepted, normally be fulfilled on that dealing day. The redemption proceeds shall be paid in the settlement currency no later than the deadlines set fourth below: Three business days after application unless:

- the application is received on a day which is not a dealing day in which case the application is dealt on the next following dealing day; or
- the third business day is a day on which the banks in the principal financial centre for the settlement currency are closed for business, in which case receipt of cleared monies will be the next business day where the banks in the principal financial centre for the settlement currency are open for business.

The settlement period as defined above will apply and will not be extended if:

- any of the days between the dealing day and the settlement date is not a dealing day; or
- the settlement date is not on a dealing day; or
- the dealing day is on a day on which the banks in the principal financial centre for the settlement currency are closed for business; or
- any of the days between the dealing day and the settlement date is a day on which the banks in the principal financial centre for the settlement currency are closed for business.

In order to ensure that shareholders of the Target Fund who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited period, the Company or the Management Company may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions.

The Company or the Management Company, having regard to the fair and equal treatment of shareholders of the Target Fund, on receiving requests to redeem shares amounting to 10% of the net redemptions orders or more of the net asset value of the Target Fund:

1. shall not be bound to redeem on any dealing day a number of shares representing more than 10% of the net asset value of the Target Fund. If the Company receives requests on any dealing day for redemption of a greater number of shares, it or the Management Company may declare that such redemptions

		exceeding the 10% limit may be deferred until next dealing days. On such dealing days such requests for redemption will be complied with in priority to later requests; 2. may elect to sell assets representing, as nearly as practicable, the same proportion of the Target Fund's assets as the shares for which redemption requests have been received. If the Company or the Management Company exercises this option, the amount due to the shareholders of the Target Fund who have applied to have their shares redeemed will be based on the net asset value per share, calculated after such sale or disposal. Payment will be made forthwith upon completion of the sales and the receipt by the Company of the proceeds of sale in freely convertible currency. Receipt of the sale proceeds by the Company may however be delayed and the amount ultimately received may not necessarily reflect the net asset value per share calculation made at the time of the relevant transactions because of possible fluctuations in the currency values and difficulties in repatriating funds from certain jurisdictions. Payment of redemption proceeds may be delayed if (i) there are any specific statutory provisions such as, but not limited to, foreign exchange restrictions, or any circumstances beyond the Company's control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested or (ii) to the shareholder of the Target Fund requesting redemption (due, for example, to such shareholder(s) non-compliance with anti-money laundering or Know Your Customers checks).
The information in relation to Section 4.9 "Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion,	Nil.	The Management Company, on behalf of the Company and having regard to the best interest of the shareholders of the Target Fund, may suspend the calculation of the net asset value per share relating to the Target Fund and/or the issue, allocation, conversion, redemption and repurchase of shares of the Target Fund as well as the right to convert shares of the Target Fund into shares of another sub-fund: during any period when any market(s) or stock exchange(s), which is the principal market(s) or stock exchange(s) on which a material

Redemption and Repurchase of Shares”		part of the investments (e.g. 20% or above) of the Target Fund for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended; • during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the Target Fund by the Company is not possible; • during any breakdown in the means of communication normally employed in determining the price of any of the Target Fund’s investments or the current prices on any market or stock exchange; • during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the Target Fund’s investments is not possible; • if the Company or the Target Fund is being or may be wound up on, or following the date on which notice is given (i) of the general meeting of shareholders of the Target Fund at which a resolution to wind up the Company or the Target Fund is to be proposed or (ii) to wind-up the Company or Target Fund if such decision is taken by the board of directors of the Target Fund; • during any period when in the opinion of the Board of Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the shareholders to continue dealing in Shares of any sub-fund of the Company; • during any period when the determination of the net asset value per share of underlying investment funds representing a material part of the assets of the Target Fund is suspended; • during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the Target Funds is suspended; • in the case of a merger, if the board of directors of the Management Company deems this to be justified for the protection of the shareholders of the Target Fund; • during any other circumstance or circumstances where a failure to do so might result in the Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages
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		or other detriment which the Company or its shareholders might not otherwise have suffered; • for any other reason the prices of the investments held or contracted for the account of the Target Fund cannot, in the opinion of the board of directors of the Target Fund, reasonably, promptly or fairly be ascertained; or • during the suspension of the issue, allocation and redemption of shares of, or the right to convert shares of, or the calculation of the net asset value of a fund qualifying as master UCITS in accordance with the applicable Luxembourg laws and regulations in which the Target Fund invests. The Company may cease the issue, allocation, conversion, redemption and repurchase of the shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the CSSF. In accordance with the 2010 Law, the issue and redemption of shares shall be prohibited: i. during the period where the Company has no depositary; and ii. where the depositary bank is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings. Shareholders of the Target Fund who have requested conversion, redemption or repurchase of their shares will be promptly notified in writing of any such suspension and termination thereof. Conversion, redemption and repurchase requests shall be revocable by the shareholder of the Target Fund in the event of a suspension of the calculation of the net asset value.
The information in relation to "Manager's Risk", "Loan Financing Risk" and	Nil.	Manager's Risk This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or

"Suspension Risk" under "General risks associated with investing in a wholesale fund"		weaknesses in operational process and systems, may adversely affect the performance of the fund. Loan Financing Risk This risk occurs when investors take a loan / financing to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the repayments. In the event units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan / financing. <i>Note: The Manager does not provide financing for the purchase of units of the Fund. However, if an investor obtains financing from other providers, this is the risk that the investor should be aware of.</i> Suspension Risk Refers to situation where the Manager suspends dealings of units in a fund (no redemption or subscription are allowed) under exceptional circumstances as set out in "TRANSACTION INFORMATION" under "Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units". Suspension of a fund may potentially result in Unit Holders not being able to redeem their units into cash based on their liquidity needs and continue to be subject to the risk factors inherent in the fund.
The information in relation to "Currency Risk" under "Specific risks associated with the investment portfolio of the Fund"	Currency Risk As the Fund offers hedged currency Classes, the risk associated with investments in those hedged currency Classes will be hedged to the base currency of the Fund at all times. This allows the hedged currency Classes to mitigate currency risk as a result of exchange rate fluctuation between the hedged currency Class and the base currency of the Fund. However, it should be noted that the Fund's investments in the Target Fund may still be exposed, indirectly, to currency gains or losses resulting from fluctuations in exchange rates between the denomination currency of the Target Fund and the other currencies which the Target Fund may	Currency Risk As the Fund offers multiple currency Classes, certain Class(es) would be exposed to currency risk. This is the risk associated with investments in certain Class(es) of the Fund which is denominated in currency different from the base currency of the Fund. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk. When the base currency of the Fund depreciates against the denomination currency of certain Class(es), the Class(es) will suffer currency losses. This is in addition to any gains or losses derived from the Fund's investment in the Target Fund.

	be exposed to. For further explanation of currency risk at the Target Fund level, please refer to Foreign Exchange Risk faced by the Target Fund.	The Manager may at its discretion hedge the currency exposure of any of the Class(es) against the base currency of the Fund to mitigate currency risk for the benefit of the Class(es). However, it should be noted that the Fund's investment in the Target Fund may still be exposed to currency gains or losses resulting from fluctuations in foreign exchange rates between the base currency of the Target Fund and the other currencies which the Target Fund may be exposed to.
The inclusion of information in relation to "Redemption Risk", "Taxation Risk / Withholding Tax Risk" and "Counterparty Credit Risk" under "Specific risks associated with the investment portfolio of the Fund"	Nil.	Redemption Risk The ability of the Fund to honour requests for redemption in a timely manner is subject to any deferral of redemptions from the Target Fund, the Fund's holding of adequate liquid assets and/ or the Fund's ability to seek borrowings on a temporary basis as permitted by the relevant laws to meet redemption requests. In the event there are insufficient liquid assets, the Manager may have to liquidate the Fund's investments at an unfavourable price. Taxation Risk / Withholding Tax Risk This is the risk that the proceeds from the sale of securities and/or the receipt of income may be subject to tax, levies, duties or other charges imposed by the authorities in Luxembourg. Tax law and practice in Luxembourg may not be clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change or that the law might be changed with retrospective effect and this may be detrimental to the Fund. Counterparty Credit Risk Counterparty credit risk is the risk arising from the possibility that the counterparty may default or not able to fulfil a trade settlement prior or on the settlement date of the trade. This could adversely affect the value of the Fund.
The information in relation to "Specific risks associated with the Target Fund"	Market Risk The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Target Fund. In particular, the value of investments may be affected	Market Risk There is no guarantee in respect of repayment of principal and the value of investments and the income derived therefrom may fall as well as rise and investors of the Target Fund may not recoup the original amount invested in the Company. In particular, the value of investments may be

by uncertainties such as international, political and economic developments or changes in government policies.

Emerging Market Risk

Because of the special risks associated with investing in emerging markets, the Target Fund which invests in such securities should be considered speculative. Investors in the Target Fund, i.e. the Fund are advised to consider carefully the special risks of investing in emerging market securities. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in emerging markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require the Target Fund to accept greater custodial risks in order to invest, although the Depositary Bank will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Target Fund to make intended securities purchases due to settlement problems could cause the Target Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Target Fund due to subsequent declines in value of the portfolio security or, if the Target Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

affected by uncertainties such as international, political and economic developments or changes in government policies.

Emerging Markets

Because of the special risks associated with investing in Emerging Markets, the Target Fund which invests in such securities should be considered speculative. Investors of the Target Fund are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require the Target Fund to accept greater custodial risks in order to invest, although the depositary bank will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Target Fund to make intended securities purchases due to settlement problems could cause the Target Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Target Fund due to subsequent declines in value of the portfolio security or, if the Target Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

	The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Target Fund's securities in such markets may not be readily available. Investors should note that changes in the political climate in emerging markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in the Target Fund so affected. Investors in the Target Fund should be aware of the risk associated with investment in Russian equity securities. Markets are not always regulated in Russia and, at the present time, there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties this may temporarily result in illiquid equity markets in which prices are highly volatile. The Target Fund will therefore only invest up to 10% of their net asset value directly in Russian equity securities (except if they are listed on the MICEX - RTS Exchange in Russia and any other Regulated Markets in Russia which would further be recognised as such by the Luxembourg supervisory authority) while the Target Fund will invest in American, European and Global Depositary Receipts, respectively ADRs, EDRs or GDRs, where underlying securities are issued by companies domiciled in the Russian Federation and then trade on a Regulated Market outside Russia, mainly in the USA or Europe. By investing in ADRs, EDRs and GDRs, the Target Fund expects to be able to mitigate some of the settlement risks associated with the investment policy, although other risks, e.g. the currency risk exposure, shall remain. The Target Fund's investments are spread among a number of industries however the BRIC countries' markets are comprised of significant weightings in the natural resources sectors. This means that the Target Fund's investments may be relatively concentrated in these sectors and	The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Target Fund's securities in such markets may not be readily available. Investors of the Target Fund should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in the Target Fund so affected. Investors of the Target Fund should be aware of the risk associated with investment in Russian equity securities. Markets are not always regulated in Russia and, at the present time, there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties this may temporarily result in illiquid equity markets in which prices are highly volatile. The Target Fund will therefore only invest up to 10% of their net asset value directly in Russian equity securities (except if they are listed on the MICEX - RTS Exchange in Russia and any other Regulated Markets in Russia which would further be recognised as such by the Luxembourg supervisory authority) while the Target Fund will invest in American, European and Global Depositary Receipts, respectively American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs") or Global Depositary Receipts ("GDRs"), where underlying securities are issued by companies domiciled in the Russian Federation and then trade on a Regulated Market outside Russia, mainly in the United States of America ("USA") or Europe. By investing in ADRs, EDRs and GDRs, the Target Fund expects to be able to mitigate some of the settlement risks associated with the investment policy, although other risks, e.g. the currency risk exposure, shall remain. The Target Fund's investments are spread among a number of industries however the Brazil, Russia, India and China (including Hong Kong SAR)
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the performance of the Target Fund could be sensitive to movements in these sectors. Risks of sector concentration are outlined below. In selecting companies for investment, a company's financial strength, competitive position, profitability, growth prospects and quality of management will typically be evaluated.

Interest Rate Risk

The Target Fund invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit Risk

The Target Fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. The Target Fund investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk

Because the Target Fund's assets and liabilities may be denominated in currencies different to the base currency, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies. Changes in currency exchange rates may influence the value of the Target Fund's shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency, the value of the security will increase. Conversely, a

("BRIC") countries' markets are comprised of significant weightings in the natural resources sectors. This means that the Target Fund's investments may be relatively concentrated in these sectors and the performance of the Target Fund could be sensitive to movements in these sectors. In selecting companies for investment, a company's financial strength, competitive position, profitability, growth prospects and quality of management will typically be evaluated.

Interest Rate Risk

The Target Fund invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit Risk

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Foreign Exchange Risk

Because the Target Fund's assets and liabilities may be denominated in currencies different to the base currency of the Target Fund, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency of the Target Fund and other currencies. Changes in currency exchange rates may influence the value of the Target Fund's shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

	decline in the exchange rate of the currency would adversely affect the value of the security. The Target Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Target Fund from benefiting from the performance of the Target Fund's securities if the currency in which the securities held by the Target Fund are denominated rises against the base currency. Counterparty Risk The Company on behalf of the Target Fund may enter into transactions in over-the-counter markets, which will expose the Target Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Target Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Target Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In addition, some fixed income structures such as asset backed securities can incorporate swap contracts that involve counterparty risk. In the event of a bankruptcy or insolvency of a counterparty, the Target Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as direct swap contracts or swap contracts embedded in other fixed income structures entered into by the Company on behalf of the Target Fund on the advice of the Investment Adviser involve credit risk that could result	If the currency in which a security is denominated appreciates against the base currency of the Target Fund, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. The Target Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Target Fund from benefiting from the performance of the Target Fund's securities if the currency in which the securities held by the Target Fund are denominated rises against the base currency of the Target Fund. Counterparty Risk The Company on behalf of the Target Fund may enter into transactions in OTC markets, which will expose the Target Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Target Fund may enter into repurchase agreements, securities lending, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Target Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In addition, some fixed income structures such as asset backed securities can incorporate swap contracts that involve counterparty risk. In the event of a bankruptcy or insolvency of a counterparty, the Target Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as direct swap contracts or swap contracts embedded in other fixed income structures entered into by the Company on behalf of the Target Fund on
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	in a loss of the Target Fund's entire investment as the Target Fund may be fully exposed to the credit worthiness of a single counterparty where such an exposure will be collateralised. The Company employs a variety of mechanisms to manage and mitigate Counterparty Risk including but not limited to the following: • Counterparty approval using external credit ratings and/or a credit review consisting of three years' worth of audited financial accounts; • Counterparties are also reviewed at least annually to ensure that they remain appropriate for the requirements of the business. Counterparties are monitored on a continual basis and any adverse information concerning the credit worthiness of approved counterparties is considered as a matter of urgency; • Counterparty exposures are monitored on a daily basis by a function independent of the front office; Exposures may also be managed through a collateral and margining arrangement supported by appropriate and legally enforceable trading agreements. Sovereign Risk Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations ("Sovereign Debt") issued or guaranteed by governments or their agencies ("governmental entities") of such countries involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject.	the advice of the HSBC Global Asset Management (USA) Inc ("Investment Adviser") involve credit risk that could result in a loss of the Target Fund's entire investment as the Target Fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised. The Company employs a variety of mechanisms to manage and mitigate counterparty risk including but not limited to the following: 1. Counterparty approval using external credit ratings and/or a credit review consisting of three years' worth of audited financial accounts; 2. Counterparties are also reviewed at least annually to ensure that they remain appropriate for the requirements of the business. Counterparties are monitored on a continual basis and any adverse information concerning the credit worthiness of approved counterparties is considered as a matter of urgency; 3. Counterparty exposures are monitored on a daily basis by a function independent of the front office; Exposures may also be managed through a collateral and margining arrangement supported by appropriate and legally enforceable trading agreements. External Data Provider Risk To meet the stated investment objectives, the Company, the HSBC Investment Funds (Luxembourg) S.A. ("Management Company") and/or Investment Adviser (together "the Parties") may rely on financial, economic and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the "external data providers"). This data can have a material effect on the investment positions taken on behalf of the Target Fund. However, the Parties do not generally have the ability to independently verify any such financial, economic and other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. The Target Fund could incur unexpected costs as a result of external data provider failures of, or substantial inaccuracy in, the generation of such data. The Parties, acting in good faith, will not be
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	Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including the Target Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part. Where the Target Fund may have investment exposure to Europe in the context of its investment objective and strategy, in light of the fiscal conditions and concerns on sovereign debt of certain European countries, such the Target Fund may be subject to a number of risks arising from a potential crisis in Europe. The risks are present both in respect of direct investment exposure (for example if the Target Fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the Target Fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe. Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the Target Fund and may ultimately negatively impact the value of the Target Fund. The performance and value of the Target Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential	held liable for any losses incurred by the Target Fund as a result such failures and inaccuracies. Sovereign Risk Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations ("Sovereign Debt") issued or guaranteed by governments or their agencies ("governmental entities") of such countries involves a high degree of risk. In certain countries, governmental entities, for the purpose of risks related to Sovereign Debt may additionally include local, regional, provincial, state, or municipal governments and government entities that issue debt obligations. The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the social and political constraints to which a governmental entity may be subject. The Target Fund may suffer significant losses when there is a default of Sovereign Debt issuers. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently,
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	European crisis that adversely affect the performance and value of the Target Fund. OTC Financial Derivative Transactions In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, Total Return Swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, the Target 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 Target Fund will sustain losses. The Company 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. Regardless of these measures, the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Target Fund will not sustain losses as a result. From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or Total Return Swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Adviser with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts. Liquidity Risk	governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including the Target Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part. Where the Target Fund may have investment exposure to Europe in the context of its investment objective and strategy, in light of the fiscal conditions and concerns on Sovereign Debt of certain European countries as well as the potential exit of certain countries from the European Union ("EU"), such Target Fund may be subject to a number of risks arising from a potential crisis in Europe. The risks are present both in respect of direct investment exposure (for example if the Target Fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the Target Fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe. Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the Target Fund and may ultimately negatively impact the value of the Target Fund. The performance and value of the Target Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that adversely affect the performance and value of the Target Fund. Any debt issued or guaranteed by local, regional, provincial, state, or municipal governments or governmental entities may not be guaranteed by, or otherwise linked to, the national or central government of the country in which it is located. Such debt, while linked to the overall sovereign risk of the country in which it has been issued, may be subject to its own unique and additional risks due to each issuer's local, regional, state, provincial, or municipal legal, political, business, or social structure and framework. In addition, international and local sources of financing,
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	The Target Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. This can affect the ability of a shareholder to request the redemption of his shares from the Target Fund, and can also have an impact on the value of the Target Fund. Although the Target Fund will invest mainly in liquid securities in which the shareholders are entitled to request the redemption of their shares within a reasonable timeframe, there may be exceptional circumstances in which the liquidity of such securities cannot be guaranteed. Absence of liquidity may have a determined impact on the Target Fund and the value of its investments. Specific risks of investing in Asset Backed Securities (“ABS”) and/or Mortgage Backed Securities (“MBS”) In general, ABS and MBS are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and loans, with collateral backing often provided by physical assets such as residential or commercial property. Some ABS is supported by unsecured loan cash flows without physical asset backing. ABS and MBS securities are subject to market risk, interest rate risk, credit risk, counterparty risk, non-investment grade credit risk and liquidity risk, in addition to the further risks detailed below. MBS generally refers to mortgage securities issued by US government-sponsored enterprises such as the Federal Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). ABS usually refers to privately sponsored asset backed securities. The main categories are Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), Collateralised Loan Obligations (CLO) and Consumer ABS (for example credit cards, auto loans and student debt). In a typical ABS deal, the securities are separated into tranches which have different rights. The senior tranches usually receive the loan repayments first and the junior tranches absorb the first losses. To compensate for the higher capital risk, the junior holders are paid a higher rate of interest than the senior note holders.	including assistance from the central or federal government, may be or become unavailable which may have an adverse effect on the ability of the relevant local or regional government or municipality to service its debt obligations. There is no guarantee that an active trading market for local, regional, provincial, state or municipal debt obligations will develop or is maintained, which could negatively affect the price of the debt obligation. The Target Fund may therefore be prevented from buying or selling the debt obligation at times when it might be in the interest of the Target Fund to do so. These cases may ultimately negatively impact the net asset value of the Target Fund. Risks Associated with Government or Central Banks' Intervention Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the Target Fund. Non-Investment Grade Debt / Unrated Debt A sub-fund which invests in non-investment grade or unrated fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a sub-fund that invests in investments in investment grade fixed-income securities. Credit risk is greater for investments in fixed-income securities that are rated below investment grade or unrated fixed-income securities which are not of comparable quality with investment grade securities. It is more likely that income or capital payments may not be made when due. Thus, the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Target Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings. Adverse economic events may have a greater impact on the prices of non-investment grade and unrated fixed-income securities. Investors of the Target Fund should therefore be prepared for greater volatility than
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	RMBS represent interests in pools of residential mortgage loans secured by the underlying residential property. Some loans may be prepaid at any time. The collateral underlying CMBS generally consists of mortgage loans secured by income-producing property, such as shopping centres, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centres and self-storage properties. The investment characteristics of MBS and ABS differ from traditional debt securities. The major difference is that the principal is often paid in stages and may be fully repaid at any time because of the terms of the underlying loans. This variability in timing of cash flows makes estimates of future asset yield and weighted average life uncertain. The broad ABS market also includes synthetic Collateralised Debt Obligations (CDO). These usually have shorter maturities, typically five years, and are referenced to debt obligations or other structured finance securities. Specific risk investing in contingent convertible securities Contingent convertible securities are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible securities can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible securities are risky and highly complex instruments. Coupon payments on contingent convertible securities are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.	for investment grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns. The market liquidity for non-investment grade and unrated fixed-income securities can be low and there may be circumstances in which there is no liquidity of for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in the Target Fund invested in non-investment grade or unrated fixed-income securities, the board of directors of the Company may invoke the procedure permitting the deferral of shareholder redemptions. High Yield Debt The Target Fund which invests in high yield fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a sub-fund that invests in investment grade fixed-income securities. High yield fixed income securities include fixed income securities rated below investment grade (i.e. non-investment grade) and higher yielding fixed income securities rated investment grade but of comparable credit quality to non-investment grade rated securities. Credit risk is greater for investments in high yield fixed-income securities than for investment grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Target Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings. Adverse economic events may have a greater impact on the prices of high yield fixed-income securities. Investors of the Target Fund should therefore be prepared for greater volatility than for investment grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.
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		The market liquidity for high yield securities can be low and there may be circumstances in which there is no liquidity for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in the Target Fund invested in high yield fixed-income securities, the board of directors of the Company may invoke the procedure permitting the deferral of shareholder redemptions.
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Convertible Securities Risk

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. They will at least have similar interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight debt investments. The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security, consequently convertible securities are exposed to greater volatility than a straight bond investment. Convertible securities tend to be subordinated to other debt securities issued by the same issuer. The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

Callable Bonds

Callable bonds entail a call risk resulting in the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (at a date planned in the schedule of callable dates). The redemption of a callable bond having a higher than average yield may cause a decrease in the Target Fund's yield.

Volatility

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price

of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

Futures and Options

Under certain conditions, the Company may use options and futures on securities, indices and interest rates, for the purpose of investment, hedging and efficient portfolio management. In addition, where appropriate, the Company may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the investor of the Target Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is “covered” by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Credit Default Swaps

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile.

OTC Financial Derivative Transactions

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and

		option contracts, credit default swaps, Total Return Swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, the Target 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 Target Fund will sustain losses. The Company 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. Regardless of these measures, the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Target Fund will not sustain losses as a result. From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or Total Return Swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Investment Adviser with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts. Securities Lending and Repurchase Transactions Risk In relation to repurchase transactions and securities lending transactions, investors of the Target Fund must notably be aware that (a) if the borrower of securities lent by the Target Fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) in
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case of reinvestment of cash collateral such reinvestment may yield a sum less than the amount of collateral to be returned; and that (c) delays in the return of securities on loans may restrict the ability of the Target Fund to meet delivery obligations under security sales or payment obligations arising from redemptions requests.

Liquidity Risk

Liquidity risk exists within most financial products including the investments held by the Target Fund. This means that a delay may occur in receiving sales proceeds from the investments held by the Target Fund, and those proceeds may be less than recent valuations used to determine the net asset value per share of the Target Fund. This risk is greater in exceptional market conditions or when large numbers of investors are trying to sell their investments at the same time. In such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices.

This may impact the ability of the Target Fund to immediately meet the redemption requests received from the shareholders.

Prohibited Securities

In accordance with the Luxembourg law of 4 June 2009 ratifying the Oslo Convention of 3 December 2008 relating to cluster munition and HSBC Asset Management policy, the Company will not invest in securities of certain companies. As this policy aims to prohibit investment in certain securities, investors of the Target Fund should be aware that this reduces the investment universe and prevents the Target Fund from benefitting from any potential returns from these companies.

Corporate Actions

Investors of the Target Fund should note that as a result of corporate actions relating to a company in which the Target Fund is invested, the Target Fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe as described in its investment objective. Those securities may have a value less than the original investment made by the Target Fund. Under such circumstances, the relevant security may not be expressly covered by the Target Fund's investment policy and the returns

generated from the investment may not adequately compensate the Target Fund for the risks assumed.

Taxation

The Target Fund will be subject to taxation. In particular:

- the proceeds from the sale of securities in some markets or the receipt of any distributions or other income may be, or may become, subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including withholding tax; and
- the Target Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets.

Taxation could give rise to certain risks, particularly in countries where tax law and practice is not clearly established. It is possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. This may mean that the Target Fund could become subject to additional taxation in countries where it is not anticipated when investments are made, valued or disposed of.

Foreign Taxes

The Company may be liable to taxes (including withholding taxes) on income earned and capital gains arising on its investments in countries outside its country of domicile. The Company may not be able to benefit from a reduction in the rate of any foreign tax by virtue of the double taxation treaties between its country of domicile and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the money received will be paid into the Target Fund. The benefit of the repayment received will be allocated to the then existing shareholders of the Target Fund at the time the repayment is made.

Tax Liability in New Jurisdictions

When the Target Fund invests in a jurisdiction where tax law and practice is not clearly established, no account will be made to any shareholder of

the Target Fund for any payment made in good faith to a fiscal authority for taxes or other charges of the company or the Target Fund even if it is later found that these payments need not or ought not have been made.

Conversely, where there is uncertainty as to the tax liability, the Target Fund would adhere to best practice, or common market practice in the absence of established best practice. This may subsequently be challenged, for example where there is the lack of a developed mechanism for practical and timely payment of taxes. This could result in the Target Fund paying taxes relating to previous years. In these circumstances, any related interest or late filing penalties will be charged to the Target Fund. Any late paid taxes will normally be debited to the Target Fund at the point the decision to accrue the liability in the Target Fund accounts is made, and will be borne by investors of the Target Fund at that time.

Treatment of Tax by Index Providers

Shareholders of the Target Fund should be aware that the performance of the Target Fund, as compared to a reference benchmark, may be adversely affected in circumstances where the assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the reference benchmark held within the Target Fund.

Withholding Tax

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or their interpretation. The Company may not be able to recover any such tax and so any change could have an adverse effect on the net asset value of the Target Fund.

The Company (or its representative) may file claims on behalf of the Target Fund to recover withholding tax on distribution and interest income (if any) received from issuers in certain countries where a withholding tax reclaim is possible.

Whether or when the Target Fund will receive a withholding tax refund is within the control of the tax authorities of the relevant countries. Where the Company expects to recover withholding tax for the Target Fund based on a continuous assessment of the likelihood of recovery, the net asset value of the Target Fund will generally include an accrual for this tax refund.

The Company continues to evaluate tax developments to assess the potential impact on the likelihood of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the Target Fund's net asset value for any refunds may need to be written down partially or in full, which will adversely affect the Target Fund's net asset value. Investors in the Target Fund at the time an accrual is written down will bear the impact of any resulting reduction in net asset value regardless of whether they were investors during the accrual period. Conversely, if the Target Fund receives a tax refund that has not been previously accrued, investors in the Target Fund at the time the claim is successful will benefit from any resulting increase in the Target Fund's net asset value.

Cyber Security Risk

Security breaches of computer systems used by the Company's service providers in respect of the Company's activities (such as the Management Company, the Investment Advisers, the administration agent, the depositary bank and sub-custodians) have the potential to cause financial losses and costs for the Company, for example by disrupting or preventing trading or interfering with the administrative systems used in relation to the Company. While the Company's service providers have established business continuity and disaster recovery plans and other systems and procedures organising technical security to minimise the impact of attempted security breaches, investors of the Target Fund must be aware that the risk of losses to the Company and the Target Fund cannot be totally eliminated.

Operational Risk

The Company's operations (including investment management) are carried out by service providers. In the event of a bankruptcy or

		insolvency of a service provider, investors of the Target Fund could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of shares) or other disruptions. Legal Risk There is a risk that it may not be possible to enforce agreements entered into by the Company due to bankruptcy or a dispute as to the interpretation of the agreement. There is also a risk that legal agreements in respect of certain derivative transactions and securities lending transactions entered into by the Company on behalf of the Target Fund may be terminated due, for instance, to bankruptcy of the counterparty or a change in tax law. The Target Fund may incur a loss as a result. Custody Risk Assets of the Company are safe kept by the depositary bank and shareholders of the Target Fund are exposed to the risk of the depositary bank not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Company in the case of bankruptcy of the depositary bank. The assets of the Company will be identified in the depositary bank's books as belonging to the Company. Securities held by the depositary bank will be segregated from other assets of the depositary bank which mitigates the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. Pandemic Risk An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which the Target Fund may invest, leading to changes in regional and global economic conditions and cycles which may have a negative impact on the Company's investments and consequently its net asset value. Any such outbreak may also have an adverse effect on the wider global economy and/or markets which may negatively impact the Target Fund's investments more generally. In addition, a serious outbreak of infectious disease may also be a force majeure event under contracts that the Company has entered into with counterparties thereby relieving a counterparty of the timely performance of the services such counterparties have contracted to provide to the Target Fund (the nature
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of the services will vary depending on the agreement in question). In a worst case scenario, this may result with the Target Fund being delayed in calculating their net asset value, processing dealing in shares, undertaking independent valuations of the Target Fund or processing trades in respect of the Target Fund.

ESG Scoring Risk

The Company and the Investment Advisers may rely on third parties to provide ESG scoring data where relevant. Therefore, the Company is subject to certain operational and data quality risks associated with reliance on third party service providers and data sources. ESG data provided by third parties may not always be reliable, consistent or available and this may impact on the Target Fund's ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

Chinese Markets Risk

Investing in Emerging Markets such as the People's Republic of China ("PRC") subjects the Target Fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Investors of the Target Fund should be aware that for more than 50 years, the Chinese government has adopted a planned economic system. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Such reforms have resulted in significant economic growth and social progress.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi ("RMB") to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that such exchange rate will not fluctuate widely against the United States Dollars,

		Hong Kong Dollars or any other foreign currency in the future. Any appreciation of RMB will increase the value of any dividends that the Target Fund may receive from its PRC investments and the value of investments, which will be reported in the currency, and vice versa. Many of the economic reforms in China are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in the companies in China. The national regulatory and legal framework for capital markets and joint stock companies in China is not well developed when compared with those of developed countries. The Shanghai and Shenzhen securities markets and the China Interbank Bond Market are all in the process of development and change. In addition, securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange and the government or the regulators may also implement policies that may affect the financial markets. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations when trading China A-shares/B-shares. All these may have a negative impact on the Target Fund. Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future. Investments in China will be sensitive to any significant change in political, social or economic policy in China. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments. The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Target Fund, and the
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abilities of such companies to make payment of dividends declared in respect of the shares in the China companies.

Accounting and Reporting Standards

PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared by accountants following the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors which may result in non-disclosure of certain material information of the investee entities the Investment Adviser invest in for the account of the Target Fund.

As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, disclosure of certain material information may not be made, and less information may be available to the Investment Adviser and other investors.

Taxation in the PRC

The Investment Adviser may decide to make or not to make any tax provisions in respect of the Target Fund. Even if tax provisions are made, such provisions may be more than or less than the Target Fund's actual PRC tax liabilities and it is possible that such tax provisions made by the Investment Adviser may be insufficient. In case of a difference between the Target Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Target Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the Target Fund may be affected/ adversely affected and the impact/degree of impact on individual shareholders of the Target Fund may vary, depending on factors such as the level of the Target Fund's provision for taxes (if any) and the amount of the difference at the

		relevant time and when the relevant shareholders of the Target Fund subscribed for and/or redeemed their shares in the Target Fund. Any tax provision, if made by the Investment Adviser, will be reflected in the net asset value of the Target Fund at the time of debit or refund and thus will only impact on shares which remain in the Target Fund at that time. Shares which are redeemed prior to such time will not be affected by any debit of insufficient tax provisions. Likewise, such shares will not benefit from any refund of excess tax provisions. Investors of the Target Fund should note that no shareholders who have redeemed their shares in the Target Fund before the distribution of any excess provision shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to the Target Fund, which amount would be reflected in the value of shares in the Target Fund. In the event the Investment Adviser considers it necessary to adopt any tax provision (whether in respect of the PRC Enterprise Corporate Income Tax Law or any other applicable tax regulation/laws in the PRC) on a retrospective basis, the prevailing and/or future net asset value of the Target Fund may be negatively impacted. The magnitude of such potential negative impact on the performance of the Target Fund may not correspond to the gains over an investor's holding period due to the retrospective nature. The Investment Adviser will review and make adjustments to its tax provision policy as and when it considers necessary from time to time and as soon as practicable upon issuance of further notices or clarification issued by the PRC tax authority in respect of the application of the PRC Enterprise Corporate Income Tax and/or any other applicable tax regulations/laws and the respective implementation rules. There is a possibility that the current tax laws, rules, regulations and practice in Mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Target Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any increased tax liabilities on the Target Fund may adversely affect the Target Fund's
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		net assets and may reduce the income from, and/or the value of, the relevant investments in the Target Fund. Corporate Income Tax ("CIT") - Currently, in respect of debt securities, except for interests derived from government bonds and local government bonds which are exempt from PRC CIT, a 10% withholding income tax is technically payable on interests derived from fixed income instruments issued and borne by PRC resident corporate entities (including those issued and borne by foreign enterprises but deemed as PRC tax resident) by a foreign investor which is deemed as a non-resident enterprise without permanent establishment in China for PRC CIT purposes. The entity distributing such interests is required to withhold such tax. If the foreign corporate investor is a tax resident of a country that has signed a tax treaty with China with a reduced treaty rate on interest income, it may submit a self-claim form (called record filing form Information Reporting Form for Non-resident Taxpayer Claiming Treaty Benefits) when filing the tax return by itself or through a withholding agent to enjoy the reduced PRC CIT rate under the tax treaty however, this is subject to post-submission review and discretion by the in-charge PRC tax authority. Pursuant to Caishui [2016] N0. 36 ("Circular 36" which provides the detailed implementation guidance on the further rollout of the value added tax ("VAT") reform to sectors such as construction, real estate, financial services and lifestyle services), interest income derived from bonds issued by PRC resident companies should technically be subject to 6% VAT plus surcharges from 1 May 2016, unless specifically exempted. Interest received from PRC government bonds and local government bonds are exempt from VAT. Before the full transformation of business tax to value-added tax reform) ("BT" to "VAT" reform), there was a lack of clarity under BT regulations but the State Taxation Administration of the PRC ("STA") has interpreted that such interest income should be technically subject to 5% BT. However, in practice, the PRC tax authorities did not enforce the collection of BT. Under the VAT regime, Circular 36 provides that the PRC payer of such interest shall withhold VAT when paying such interest to non-resident recipients. However, in practice, the PRC payers have not withheld VAT
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		and the PRC tax authorities have not enforced the collection of VAT on such interest. In November 2018, the Ministry of Finance ("MOF") and the STA jointly issued [Caishui [2018] No. 108] ("Circular 108") which provides that foreign institutional investors are exempted from Mainland China CIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China onshore bond market. Then in November 2021 MOF and STA issued Public Notice ("PN") 34 to extend the tax exemption to 31 December 2025. Capital gains - There are no specific tax rules governing the PRC CIT on capital gains derived by foreign investors from the trading of debt securities in the PRC. On 8 November 2017, the People's Bank of China ("PBOC") released Operational Procedures for "Overseas Institutional Investors to Enter China's Interbank Bond Market" under which capital gains realized by overseas institutional investors through CIBM direct scheme is temporarily exempt from CIT. In relation to trading debt securities via Bond Connect, no specific rule or guidance has currently been issued by the PRC tax authorities on the tax treatment. Consequently, the tax treatment is even less certain and so, in the absence of such specific rules, the expectation is that the PRC CIT treatment (or any other tax treatment) will be governed by the general tax provisions of the existing PRC domestic tax legislation. Based on the current interpretation of the STA and professional tax advice, the Company does not intend to provide for any PRC CIT in respect of the capital gains derived by the Target Fund from disposal of debt securities in the PRC. In light of the uncertainty on the CIT treatment on capital gains on debt securities trading in the PRC and for the purpose of meeting this potential tax liability of the Target Fund for capital gains from debt securities in the PRC, the Management Company reserves the right to provide for CIT (or any other tax) on such gains or income and withhold the tax from the account of the Target Fund based on new developments and interpretation of the relevant regulations (after taking professional tax advice).
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Pursuant to Circular 36, gains realised from the trading of marketable securities in the PRC would generally be subject to VAT at 6% plus local surcharge, unless specifically exempted. Pursuant to Caishui [2016] NO. 70, which is a supplementary notice to Circular 36, gains realised by overseas institutional investors recognized by the PBOC from the trading of CIBM bonds are exempt from VAT.

VAT Surcharges - If VAT is payable on interest income and/or capital gains, there are also surcharges (which include city construction and maintenance tax, education surcharge, local education surcharge) to be charged on top of the 6% VAT payable. There may also be other levies imposed in some locations. Pursuant to the new PRC Urban Maintenance and Construction Tax Law and MOF STA PN [2021] 28, the VAT Surcharges (e.g. Urban Maintenance and Construction Tax, Educational Surcharge and Local Educational Surcharge) is no longer levied on the amount of VAT payable by an overseas entity starting since 1 September 2021. Therefore, no VAT surcharges on the debt securities interest/capital gain VAT (if any) is paid by overseas investors.

Particular Risks of Investment in China A Shares

The Target Fund may invest in securities or instruments which have exposure to the Chinese market. The Target Fund may have direct access to certain eligible China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (the "Stock Connects").

MOF, SAT and the China Securities Regulatory Commission ("CSRC") jointly released Caishui [2014] No.81 dated 31 October 2014 defining that dividends from A-share investments by investors from the Hong Kong market are not subject to the differentiation tax policies based on the shareholding period for the time being, but subject to a 10% CIT withholding by the listed company before HKSCC is able to provide details on identities and shareholding periods of investors to the China Securities Depository and Clearing Corporation from 17 November 2014. However, investors from the Hong Kong market may apply to the relevant tax authorities for tax relief in respect of dividend payments under any applicable bilateral treaties/arrangements on the avoidance of

		double taxation signed between the PRC and their resident jurisdictions. The same circular (Caishui [2014] No. 81) grants temporary exemption from CIT and BT for the gains arising from the sale of A-shares of a company listed on the Shanghai Stock Exchange and traded through Shanghai-Hong Kong Stock Connect, effective 17 November 2014. Circular 36 grants temporary VAT exemption on gains arising by Hong Kong market investors from trading A-shares listed on the Shanghai Stock Exchange and traded through the Shanghai-Hong Kong Stock Connect. On 5 November 2016, MOF, STA and CSRC jointly issued Caishui [2016] No. 127, which provides that since 5 December 2016, Hong Kong market investors are temporarily subject to CIT on dividends from the relevant A-shares of a company listed on the Shenzhen Stock Exchange and traded through the Shenzhen-Hong Kong Stock Connect at a rate of 10%., but are temporarily exempted from CIT and VAT on the gains arising from trading such A-shares. Both circulars (Caishui [2014] No. 81 and Caishui [2016] No. 127) provide that title transfer of shares by Hong Kong market investors under China Connect because of a sale, inheritance or gift is subject to stamp duty in mainland China. Circular Caishui [2016] No. 127 also provides that stamp duty on covered short selling is temporarily exempted, and this is applicable to Hong Kong market investors through both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. MOF and STA jointly released Announcement [2023] No.39 dated 27 August 2023 stated that sale of shares or share based Depository Receipts (DRs) in national security exchanges are subject to halved stamp duty starting from 28 August 2023. The stamp duty is 0.1% of market value of shares traded before 28 August 2023, and reduced to 0.05% with effective from 28 August 2023. The Target Fund may have exposure to China A Shares indirectly via investments in other collective investment schemes that invest primarily in China A Shares and other financial instruments, such as structured notes, participation notes, equity-linked notes, and derivative instruments, where the underlying assets consist of securities issued by companies quoted on regulated markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on regulated markets in China. Investing in the securities markets of China is subject to Emerging Market risks as well as China-specific risks. The stock markets in China are Emerging Markets
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		which are undergoing rapid growth and changes. This may lead to trading volatility, difficulties in settlement and in interpreting and applying the relevant regulations. In addition, there is a lower level of regulation and enforcement activity in these securities markets compared to more developed international markets. There also exists control on foreign investment in China and limitations on repatriation of invested capital. Less audited information may be available in respect of companies and enterprises located in China. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of the Target Fund's investments in the Chinese market due to factors such as Target Fund repatriation and dealing restrictions. The securities industry in China is relatively young, and the value of the investments may be affected by uncertainties arising from political and social developments in China or changes in Chinese law or regulations. The Target Fund may be subject to withholding and other taxes imposed under Chinese tax law or regulations. Investors of the Target Fund should be aware that their investments may be adversely affected by changes in Chinese tax law and regulations, which may apply with retrospective effect and which are constantly in a state of flux and will change constantly over time. The Target Fund is also subject to counterparty risk associated with the issuer of financial instruments that invest in or are linked to the performance of China A Shares. The Target Fund may suffer substantial loss if there is any default by the issuer of such financial instruments. In addition, such investments may be less liquid as they may be traded OTC and there may be no active market for such investments. Investments in China A Shares through other collective investment schemes and other financial instruments, (such as structured notes, participation notes, equity-linked notes), and derivative instruments issued by third parties in RMB will be exposed to any fluctuation in the exchange rate between the base currency of the Target Fund and the RMB in respect of such investments. There is no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the Target Fund's investments that are denominated in RMB. RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese
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		government's policies on exchange control and repatriation restrictions are subject to change, and the value of the Target Fund's investments may be adversely affected. The Target Fund may invest in CAAPs. Issuers of CAAPs may deduct various charges, expenses or potential liabilities from the prices of the CAAPs (including but not limited to any actual or potential tax liabilities determined by the CAAPs issuer at its discretion) and such deductions are not normally refundable. CAAPs may not be listed and are subject to the terms and conditions imposed by an issuer. These terms may lead to delays in implementing the Investment Adviser's investment strategy. Investment in CAAPs can be less liquid as there may not be an active market in the CAAPs. In order to liquidate investments, the Target Fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs. An investment in a CAAPs is not an investment directly in the underlying investments (such as shares) themselves. An investment in a CAAPs does not entitle the holder of such instrument to the beneficial interest in the shares nor to make any claim against the company issuing the shares. The Target Fund will be subject to credit risk of the issuers of the CAAPs invested by the Target Fund. The Target Fund may suffer a loss if the issuer of a CAAP invested in by the Target Fund becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties. Bond Connect Since July 2017, Bond Connect was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS") and Hong Kong Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by the PRC authorities. As at the date of the Target Fund Prospectus dated 7 September 2026, the rules and regulations that the Target Fund, intending to trade through Bond Connect, must abide by include: 1. appointing CFETS through Bond Connect Company Limited or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC; and
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		2. transacting via an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit). There are currently no quota restrictions. Such rules and regulations may be amended from time to time. There are no specific rules or guidelines issued by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence it is uncertain as to the Target Fund's tax liabilities for trading in CIBM via Bond Connect. RMB Currency and Exchange Risk Investors of the Target Fund should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong SAR). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely accessible to any person or entity for any purpose. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' home currency will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Target Fund. 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 of the Target Fund. In calculating the value of the investments denominated in RMB, the Investment Adviser will normally apply as appropriate the exchange rate for RMB traded outside or in Mainland China. The rate of the RMB traded outside Mainland China may be at a premium or discount to the
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		exchange rate for RMB traded in Mainland China and there may be significant bid and offer spreads. 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. In addition, there may be liquidity risk associated with RMB products, especially if such investments may not have an active secondary market and their prices subject to significant bid and offer spread. China Interbank Bond Market The China bond market is made up of the Interbank Bond Market and the exchange listed bond market. The China Interbank Bond Market ("CIBM") is an OTC market, executing the majority of the Chinese onshore bond trading. The main securities traded on the CIBM include government bonds, central bank papers, policy bank bonds and corporate bonds. The Target Fund may invest in bonds traded on the CIBM via the Bond Connect (as defined below) and/or the CIBM Initiative (as defined below). <u>Bond Connect</u> Since July 2017, mutual bond market access between Hong Kong SAR and PRC ("Bond Connect") was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS") and Hong Kong SAR Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by the PRC authorities. As at the Target Fund prospectus dated 7 September 2026, the rules and regulations that the Target Fund intending to trade through Bond Connect, must abide by include: • Appointing CFETS through Bond Connect Company Limited or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.
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		• Transacting via an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Money markets Unit). There are currently no quota restrictions. Such rules and regulations may be amended from time to time. There are no specific rules or guideline issued by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence it is uncertain as to the Target Fund's tax liabilities for trading in CIBM via Bond Connect. <u>CIBM Initiative</u> Since February 2016, PBOC has permitted foreign institutional investors to invest in the CIBM (the "CIBM Initiative") subject to complying with the applicable rules and regulations as promulgated by the PRC authorities, i.e., PBOC and SAFE. As at the Target Fund prospectus dated 7 September 2026, the rules and regulations that the Target Fund, intending to trade through the CIBM initiative, must abide by include: • Appointing an onshore settlement agent who will be responsible for making relevant filings and account opening with relevant authorities. • Generally, only repatriating cash out of the PRC in a currency ratio approximately proportionate to the currency ratio of remitted cash into the PRC. There are currently no quota restrictions. Such rules and regulations may be amended from time to time. In addition to risks regarding the Chinese market and risks related to investments in RMB, investments in the CIBM are subject to the following additional risks: <u>Market and Liquidity Risks</u> Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. The Target Fund
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		investing in the CIBM are therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of such PRC bonds may be large, and the Target Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. <u>Chinese Local Credit Rating Risk</u> The Target Fund may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors of the Target Fund should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors of the Target Fund may suffer losses, possibly greater than originally envisaged. <u>Counterparty and Settlement Risk</u> To the extent that the Target Fund invests in the CIBM, the Target Fund may also be exposed to risks associated with settlement procedures and default of counterparties. There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by the Target Fund; payment by the Target Fund after delivery of security by the counterparty, or simultaneous delivery of security and payment by each party. Although the Investment Adviser may endeavour to negotiate terms which are favourable to the Target Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, the Target Fund will sustain losses. The counterparty which has entered into a transaction with the
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		Target Fund may default on its obligation to settle the transaction by delivery of the relevant security or by payment for value. In the event that the relevant Chinese authorities suspend account opening or trading on the CIBM, the Target Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Target Fund may suffer substantial losses as a result. <u>Operational Risk</u> Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Target Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Target Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems. <u>Quasi-Government / Local Government Bond Risk</u> The Target Fund may invest in securities issued by PRC quasi-government organizations. Investors of the Target Fund should note that the repayment of debts issued by such organizations is typically not guaranteed by the PRC central government. In 2014, the State Council approved debt issuance on a pilot basis covering local governments of a number of municipalities and provinces. Under the relevant PRC regulations, a local government covered in the pilot scheme will be able to issue debt securities directly, and the obligation of repayment rests with such local government. This is different from the debt issuance model in the past where the Ministry of Finance issues debts on behalf of local governments. Investors of the Target Fund should note that debt securities under the pilot scheme are not guaranteed by the PRC central government. If there is a default by the local government issuing such debt securities, the Target Fund will suffer losses as a result of investing in such securities.
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		Although the pilot scheme provides an alternative platform for local governments to raise funds, it should be noted that local governments have also taken on debts in other forms, including issuing urban investment bonds through local government financing vehicles. Worsening financial conditions may lead to a default in the local government's debt obligations. Under the relevant PRC regulations, a local government may conduct debt issuance up to the limit prescribed by the State Council for the current year. Further, a local government is required to arrange for credit rating for the debts by a credit rating agency. Investors of the Target Fund should note the limits of credit ratings in general and the relevant risks regarding credit ratings given by PRC local credit rating agencies. <u>Urban Investment Bonds Risk</u> The Target Fund may invest in bonds issued by PRC local government financing vehicles (LGFVs), i.e. also known as “urban investment bonds”. This may subject the Target Fund to additional risks. In view of limitations on directly raising funds, local governments in the PRC have set up numerous entities known as “Local Government Financing Vehicles” (LGFVs) to borrow and fund local development, public welfare investment and infrastructure projects. LGFV bonds have grown rapidly in size in recent years and have become a significant bond sector in the PRC. Many LGFVs invest in urban development projects which involve substantial initial investment through high financial leverage and this causes cash flow mismatch for the LGFVs. In such cases LGFVs may not be able to service debts solely through their own operating revenue, and local governments may need to offer financial subsidies to the LGFVs to ensure on-going debt-servicing. However, a LGFV may not be able to get adequate subsidies from its local government (for example in regions of low local revenue and heavy debt burden) and its local government is not obligated to subsidise the LGFV. In some cases, LGFVs will take on further borrowing to pay existing debts and this can result in liquidity risks if re-financing costs increase.
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		Worsening financial conditions may lead to credit rating downgrade. Recent cases of downgrading have led to investors' concerns that the financial conditions of some LGFVs may be deteriorating. Downgrading in turn leads to higher financing costs for the LGFVs, making it more difficult for the LGFVs to sustain their debts. Local governments may be seen to be closely connected to urban investment bonds, as they are shareholders of the LGFVs issuing such bonds. However, urban investment bonds are typically not guaranteed by the relevant local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obligated to support any LGFVs in default. The LGFVs' ability to repay debts depends on the financial condition of the LGFVs, and the extent to which the relevant local governments are prepared to support such LGFVs. However, slower revenue growth at some local governments may constrain their capacity to provide support, while regulatory constraints may also limit local governments' ability to inject land reserves into LGFVs. Further, local governments have taken on debt in various other forms, and recent analyses show that increased financing activities have posed a risk to local government finances. Although in some cases collateral such as land is provided, in case of default of a LGFV, it may be difficult for bond holders (such as the Target Fund) to enforce its right to the collateral. In most cases, collateral is not provided, and the bond holders will be fully exposed to the credit/insolvency risk of LGFVs as an unsecured creditor. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Target Fund could suffer substantial loss and the net asset value of the Target Fund could be adversely affected. Though most LGFVs disclose basic financial information regularly (e.g. through audited annual report and credit rating report), timely disclosure of other relevant information, such as material asset allocation and capital injection, is still uncertain. Imperfect disclosure of financial information could lead to biased investment judgment, adding to the risks for investment in LGFV securities.
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		Bonds issued by LGFVs normally have lower liquidity than other government issued fixed income instruments (such as Central Bank Notes / Bills and Treasury Bonds), and the Target Fund's investment in bonds issued by LGFVs is subject to liquidity risk. LGFVs take on loans in a substantial amount from Chinese banks, and the total outstanding loans have risen rapidly in recent years. This has led the China Banking Regulatory Commission to require banks to limit their holdings of bonds sold by LGFVs. If LGFVs default on their repayment obligations, this may in turn pose a risk to the stability of the banking system in China. It was announced that the National Audit Office would start a nationwide assessment of government liabilities in order to address concerns about rising debts from local development projects. However, there is no assurance that the extent of local government debts can be comprehensively and accurately assessed. <u>Regulatory Risk</u> The CIBM is also subject to regulatory risks. The People's Bank of China and the China Central Depository & Clearing Co. may impose additional requirements on account opening or the trading / settlement flows of CIBM and therefore the CIBM account opening may be a prolonged process and also trading / settlement of CIBM may be subject to regulatory changes from time to time. As a result, the Target Funds' ability to invest in the CIBM could be limited and the Target Fund maybe disadvantaged. Alternatively, the Target Fund which are already invested in the CIBM could potentially suffer from material losses if the trading and/or settlement rules are changed. Asset Backed Securities and Mortgage Backed Securities The Target Fund may invest its net assets in or gain exposure to Asset Backed Securities ("ABS") and/or Mortgage Backed Securities ("MBS") (including To-Be-Announced securities ("TBAs")) to gain up to 20% exposure to MBS. In general, ABS and MBS are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and
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		loans, with collateral backing often provided by physical assets such as residential or commercial property. Some ABS is supported by unsecured loan cash flows without physical asset backing. ABS and MBS securities may become less liquid and/or volatile in certain circumstances and are subject to risks including market risk, interest rate risk, credit risk, counterparty risk, non-investment grade credit risk and liquidity risk, in addition to the further risks detailed below. MBS generally refers to mortgage securities issued by US government-sponsored enterprises such as the Federal Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). ABS usually refers to privately sponsored asset backed securities. The main categories are Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), Collateralised Loan Obligations (CLO) and Consumer ABS (for example credit cards, auto loans and student debt). In a typical ABS deal, the securities are separated into tranches which have different rights. The senior tranches usually receive the loan repayments first and the junior tranches absorb the first losses. To compensate for the higher capital risk, the junior holders are paid a higher rate of interest than the senior note holders. RMBS represent interests in pools of residential mortgage loans secured by the underlying residential property. Some loans may be prepaid at any time. The collateral underlying CMBS generally consists of mortgage loans secured by income-producing property, such as shopping centres, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centres and self-storage properties. The investment characteristics of MBS and ABS differ from traditional debt securities. The major difference is that the principal is often paid in stages and may be fully repaid at any time because of the terms of the underlying loans. This variability in timing of cash flows makes estimates of future asset yield and weighted average life uncertain. The broad ABS market also includes synthetic Collateralised Debt Obligations (CDO). These usually have shorter maturities, typically five
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years, and are referenced to debt obligations or other structured finance securities.

Prepayment Risk and Extension Risk

The frequency at which prepayments occur on loans underlying MBS/ABS will be affected by a variety of factors including interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, fixed rate mortgage obligors often prepay their mortgage loans when prevailing mortgage rates fall below the interest rates on fixed-rate mortgage loans (subject to mortgage finance availability and no material change in the value of the property or borrowers' credit worthiness). Conversely, rising interest rates may lead to extension risk as individual mortgage holders are less likely to exercise prepayment options. Both prepayment risk and extension risk may negatively impact the returns of the Target Fund. A change in the prepayment rate may negatively impact the net asset value of the Target Fund.

Subordinated Risk

Investments in subordinated ABS involve greater risk of default and loss than the senior classes of the issue or series. ABS deals are structured into tranches such that holders of the most junior securities absorb losses before more senior tranches. When losses have been absorbed by the most junior tranche, the next most junior tranche will absorb subsequent losses. Investors in junior tranches can carry high capital risk and may face a complete loss.

Capital Value Risk

The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those arising in the property location, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Most commercial mortgage loans underlying MBS are full recourse obligations of the borrower which is usually a Special Purpose Vehicle

(SPV). If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Where a loan originator has assigned specific loans to an ABS structure and the originator has faced financial difficulties, creditors of the originator have sometimes challenged the validity of the assigned loans. Such challenges can weaken the asset backing for ABS securities.

Economic Risk

Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

		The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. <u>Re-financing Risk</u> Mortgage loans on commercial and residential properties often are structured so that a substantial portion of the loan principal is not amortised over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Contingent Convertible Securities (CoCos) The Target Fund may invest in contingent securities structured as contingent convertible securities (including Additional Tier 1 and Tier 2 capital instruments) also known as CoCos. Contingent convertible securities are risky and highly complex instruments that are comparatively untested. Depending on their category, income payments may be cancelled, suspended or deferred by the issuer and they are more vulnerable to losses than equities. Contingent convertible securities are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible securities can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible securities are also subject to additional risks specific to their structure including: <u>Trigger Level Risk</u> Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Investment Adviser of the Target Fund invested in
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		contingent convertible securities to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: i. a reduction in the issuing bank's Core Tier 1/ Common Equity Tier 1 (CT1/CET1) ratio or other ratios; ii. a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible securities into equity or write down, in circumstances that are beyond the control of the issuer; or iii. a national authority deciding to inject capital. <u>Coupon Cancellation</u> Coupon payments on some contingent convertible securities are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended. <u>Conversion Risk</u> Trigger levels differ between specific contingent convertible securities and determine exposure to conversion risk. It might be difficult at times for the Investment Adviser of the Target Fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell these new equity shares since the investment policy of the Target Fund
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may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Target Fund experiencing some loss.

Valuation and Write Down Risk

Contingent convertible securities often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Target Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Coupon Payments and Coupon Cancellation

Coupon payments on contingent convertible securities (Additional Tier 1 CoCos) are discretionary and may be cancelled by the issuer at any point for any reason and for any length of time. On the contrary, for Tier 2 CoCos, coupons are must-pay.

Capital Structure Inversion Risk

Contrary to the classic capital hierarchy, investors in contingent convertible securities may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/ write down of a contingent convertible security is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call Extension Risk

Some contingent convertible securities are issued as perpetual instruments and are only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible securities will be called on a call date. Contingent convertible securities are a form of permanent capital.

The investor may not receive return of principal as expected on call date or indeed at any date.

Subordinated Instruments

		Contingent convertible securities will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible securities, such as the Target Fund, against the issuer in respect of or arising under the terms of the contingent convertible securities shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer. <u>Unknown Risk</u> The structures of contingent convertible securities are innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. Sukuk Risks Sukuk are exposed to different types of risks. The most important are the market risk, credit default risk, liquidity risk, asset related risk and Shariah compliance risk. <u>Market Risk</u> Market risk is mainly composed of interest rate risks and foreign exchange risks. Price changes in Sukuk are influenced predominantly by interest rate developments and securities' maturity: the longer is the maturity, the higher is the risk for the investor. Sukuk based on fixed rates are exposed to these risks in the same manner as fixed rate bonds because the rise in market interest rates leads to the fall in the Sukuk values. Sukuk instruments may be issued by any corporate, sovereign, or supranational entity and may be backed or derive its value from any asset, tangible or otherwise, including mortgages. <u>Credit Default Risk</u> Default risk refers to credit risk that involves the probability that an asset or loan becomes irrecoverable due to a default or delay in settlements. The Shariah principles limit the credit risk management instruments
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available to investors of the Target Fund and Sukuk are in large part issued in Emerging Markets where counterparties possess also less sophisticated risk management mechanism. Consequently, these counterparties may be more inclined to default on their commitments.

Liquidity Risk

The liquidity risk in the Sukuk market is of a different structure due to the limited nature of Sukuk assets and the appetite for the asset. Liquidity of securities issued by corporations and public-law entities in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

Asset Related Risk

The underlying assets of Sukuk are subject to numerous risks among them the identification of the appropriate underlying asset. The underlying asset will also have to be maintained to ensure that not only returns will continue to be made by the investor of the Target Fund but also that they remain compliant with Shariah principles. Without proper maintenance, the value of the asset could significantly drop and this could hinder the pay out an investor will receive at maturity of the contract. These principles can be difficult to apply in Non-Muslim societies, where differentiation between Haram (forbidden by Shariah) and Halal (permissible by Shariah rules) activities is often misunderstood and more complex than in countries with established Shariah principles.

Shariah Compliance Risk

The uniqueness of risks associated with the Islamic modes of finance, like Sukuk, are signified by: the prohibition of debt-based financial activities and the concept of profit-and-loss sharing (PLS), which jointly constitute the core foundation of Islamic banking and finance. Sukuk structure are governed by the Shariah and based on the principles of Islamic finance. Every Sukuk structure should be in compliance with Shariah at all stages from issue to maturity. Shariah compliance risk is a risk applicable only to Islamic instruments. It is described as a risk of loss of asset value due to Sukuk incompliance with Shariah principles.

Note: The abovementioned risks which Sophisticated Investors should consider before investing into the Fund should not be

			<i>considered to be an exhaustive list. Sophisticated Investors should be aware that investments in the Fund may expose the Sophisticated Investors to other risks of an exceptional nature from time to time.</i>
The information in relation to "Other Charges" under Section 6.1 "Charges"	Other Charges Other direct charges that you may incur are as follows: Transfer fee Nil. Bank charges or fees Bank charges or fees are incurred only upon redemption. Switching fee <i>Switching between funds managed by the Manager</i> Unit holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds managed by the Manager, Sophisticated Investors will be charged on the differences of entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. <i>Switching between Class(es) of the Fund</i> Unit Holders are not allowed to switch between Class(es).	Other Charges Other direct charges that you may incur are as follows: Transfer fee Nil. Bank charges or fees Bank charges or fees, if any, will be borne by you. Switching fee For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. However, the Manager has the discretion to waive or reduce the switching fee.	

The information in relation to “(c) Fund Expenses” under Section 6.2 “Ongoing Fees and Expenses”	The Manager and the Trustee may be reimbursed out of the Fund for any cost reasonably incurred in the administration of the Fund. The Fund’s expenses currently include but are not limited to audit fees, tax agent’s fees, printing and postages of annual and quarterly reports, bank charges, investment committee fee for independent members, lodgement fees for Fund’s reports, fee paid to dealers (if any) and other assets as permitted by the Deed. <i>Note: Unless stated otherwise, all fees, charges and/or expenses disclosed in the Information Memorandum are exclusive by way of example and not limitation; good and services tax, value added tax, consumption tax, levies, duties and other taxes as may be imposed by the Government of Malaysia from time to time (collectively known as “Taxes”). If these fee, charges and/or expenses are subject to any Taxes, such Taxes shall be borne and payable by the Unit Holders and/or the Fund (as the case may be) at the prevailing rate, including any increases or decrease to the rate, in addition to the fees, charges and/or expenses stated herein.</i>	The Manager and the Trustee may be reimbursed out of the Fund for any cost reasonably incurred in the administration of the Fund. The Fund’s expenses currently include but are not limited to audit fees, tax agent’s fees, printing and postages of annual and quarterly reports, bank charges, remuneration and out of pocket expenses of the person(s) or members of the committee undertaking an oversight function of the Fund, lodgement fees for Fund’s reports, foreign custodians’ charges (if any) in respect of any foreign investments of the Fund, fees paid to brokers or dealers (if any) and other expenses as permitted by the Deed.
The disclosure in relation to Section 6.3 “Rebates and Commission	We do not retain any rebates from, or share in any commission with any broker or dealer in consideration for dealings in a fund’s assets. In line thereto, any rebate or shared commission is directed to the account of the fund concerned, and is subject to prevailing regulatory requirements by the SC. THERE ARE FEES AND CHARGES INVOLVED AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND.	The Manager will not retain any rebate from, or otherwise share in any commission with, any broker, dealer in consideration of directing dealings in the assets of the Fund. Any rebate or shared commission received in connection with transactions effected for the Fund will be credited to the account of the Fund and will form part of the Fund’s assets, subject to applicable laws, regulations and the requirements of the SC. Notwithstanding the foregoing, the Manager may receive and retain soft commissions provided by any broker or dealer in connection with transactions affected for the Fund, provided that: (i) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory-related goods and services that assist the Manager in the investment-management and decision-making process; (ii) any dealing with the broker or dealer is executed on terms that are the most favourable and reasonably available for the Fund;

		(iii) the availability of soft commissions is not the sole or primary purpose for performing or arranging transactions with the broker or dealer; and (iv) the Manager will not enter into unnecessary trades or excessive transactions for the purpose of obtaining or qualifying for soft commissions. Details of the soft commissions received, where required, will be disclosed in the Fund's annual report. THERE ARE FEES AND CHARGES INVOLVED AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND. YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.
The information in relation to fourth to sixth paragraphs of Section 7.2 "Pricing and Valuation Points"	In the event of any incorrect pricing of units of the Class(es), the Manager shall take immediate remedial action to rectify the incorrect pricing. The pricing error threshold for the Fund will follow the pricing error policy of the Target Fund which is at 1.00% of the NAV per unit. Where the incorrect pricing: i. is equal or more than 1.00% of the NAV per unit; and - ii results in a sum total of RM10.00 or USD10.00 (for respective Class) or more. The Manager shall reimburse the relevant Class and the affected Unit Holder in the following manner: (a) where the error is as a result of over valuation (i.e. the price quoted is higher than the actual price), the Manager shall reimburse: (i) the relevant Class (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation) and/or (ii) the Unit Holders (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation);	Incorrect Pricing In the event of any incorrect pricing of units of the Class(es), the Manager shall take immediate remedial action to rectify the incorrect pricing. Where the incorrect valuation or pricing: (i) is equal or more than zero point five per centum (0.50%) of the NAV per unit of the relevant Class(es); and (ii) the total impact on an individual account is more than RM 10.00 or its foreign currency equivalent in absolute amount. then the Manager shall reimburse the relevant Class and/or the affected Unit Holder in the following manner: (a) where the error is as a result of over valuation (i.e. the price quoted is higher than the actual price), the Manager shall reimburse: (i) the relevant Class (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation); and/or (ii) the Unit Holders (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation).

	(b) where the error is as a result of under valuation (i.e. the price quoted is lower than the actual price), the Manager shall reimburse: (i) the relevant Class (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation) and/or (ii) the Unit Holders (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation) Subject to any regulatory requirements, the Manager shall have the right to amend, vary or revise the above said limits or threshold from time to time. <i>Note: The NAV per unit for the Class(es) is rounded to four (4) decimal points. Redemption proceeds, units created, fees and charges are rounded to two (2) decimal points.</i>	(b) where the error is as a result of under valuation (i.e. the price quoted is lower than the actual price), the Manager shall reimburse: (i) the relevant Class (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation); and/or (ii) the Unit Holders or former Unit Holders (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation). Subject to any regulatory requirements, the Manager shall have the right to amend, vary or revise the above said limits or threshold from time to time. Policy on Rounding Adjustment The NAV per unit for the Fund is rounded to four (4) decimal points. Redemption proceeds, units created, fees and charges are rounded to two (2) decimal points.
The information relation to "Payment of Redemption Proceeds" under Section 7.4 "Making Redemptions"	Payment of Redemption Proceeds Within fourteen (14) calendar days of receiving the redemption request with complete documentation.	Payment of Redemption Proceeds Within five (5) Business Days of receiving the redemption proceeds from Target Fund provided that receipt of complete documentation.
The information in relation to Section 7.6 "Unclaimed Moneys"	Any moneys payable to you which remains unclaimed (hereinafter referred to as unclaimed amount) for the last twelve (12) months or such period as may be prescribed under the Unclaimed Moneys Act 1965 from the date of payment will be paid to Registrar of Unclaimed Moneys in accordance with the requirements of the Unclaimed Moneys Act 1965. Thereafter, all claims need to be made to the Registrar of Unclaimed Moneys.	Any moneys payable to you which remains unclaimed (hereinafter referred to as "Unclaimed Amount") for a period of not less than two (2) years from the date of payment or such other period as may be prescribed by the Unclaimed Moneys Act 1965 will be paid to Registrar of Unclaimed Moneys in accordance with the requirements of the Unclaimed Moneys Act 1965. Thereafter, all claims need to be made to the Registrar of Unclaimed Moneys. Unit Holders may claim the Unclaimed Amount from the Registrar of Unclaimed Moneys.

The information relation to “Switching Facility” and “Transfer Facility” under Section 7.7 “Other Relevant Information when Making an Investment”	Switching facility <i>Switching between funds managed by the Manager</i> Unit Holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of the entry charge between funds switched, which is up to a maximum of 6% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. <i>Switching between Class(es) of the Fund</i> Unit Holders are not allowed to switch between Class(es). Transfer facility Transfer facility is not available for this Fund.	Switching Facility <i>Switching between funds managed by the Manager</i> Unit Holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of the entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. However, the Manager has the discretion to waive or reduce the switching fee. <i>Switching between Class(es) of the Fund</i> Unit Holders are allowed to switch between Class(es) of the Fund, provided that the Class(es) is denominated in the same currency. Please note that the price of the Fund to be switched out and the price of another Fund to be switched into may be of different days. Transfer Facility Transfer of the Fund’s units is allowed except to the US Person. You can transfer all or some of your investments to another Sophisticated Investor by simply completing a transfer form and signed by both parties (transferor and transferee). A full set of account opening document is also required to be filled by the transferee if he/she is a new investor to the Manager. We may, at our absolute discretion without giving any reason, refuse to register a transfer.
The information in relation to “Cross Trade” under Section 7.7 “Other Relevant Information when	The manager may conduct cross trades between funds and private mandates it currently manages provided that all criteria imposed by the regulators are met. Notwithstanding, cross trades between the personal account of an employee of the Manager and the Fund’s account and between the	Deleted.

Making an Investment"	Manager's proprietary trading accounts and the Fund's account are strictly prohibited. The execution of cross trade will be reported to the investment commit and disclosed in the Fund's report accordingly.	
The information in relation to Section 8 "The Management Company"	8.1 Corporate Information of the Manager AmFunds Management Berhad AFM was incorporated on 9 July 1986 and is a wholly owned by AmInvestment Bank Berhad with effective from 21 July 2016. As at LPD, AFM has more than thirty (30) years of experience in the unit trust industry. AFM is the holder of a Capital Markets and Services Licence for the regulated activities of fund management, dealing in securities restricted to unit trusts and dealing in private retirement scheme issued under the Act. 8.2 Roles, Duties and Responsibilities of the Manager The Manager is responsible for setting the investment policies and objective for the Fund. The Manager is also responsible for the promotion and administration of the Fund which include but not limited to issuing units, preparing and issuing information memorandum. AFM is responsible to manage, invest, realize, reinvest or howsoever deal with the Fund in accordance with the investment objective and guidelines, including investment limits and restrictions of the Fund 8.5 Designated Fund Manager Wong Yew Joe Wong Yew Joe is the designated person responsible for the fund management function of the Fund. He is the Chief Investment Officer of AFM overseeing investments in the firm. He has more than twenty (20) years of experience in financial services and funds management. Over this tenure, his roles covered investment analysis, trading and portfolio management. He also played a key role in product development, business development and managing client relationships.	8.1 Corporate Information of the Manager The information relating to the Manager is available on our website at: https://www.aminvest.com/about-us/corporate-profile/amfunds-management-berhad. 8.2 Roles, Duties and Responsibilities of the Manager The Manager is responsible for setting the investment policies and objective for the Fund. The Manager is also responsible for the promotion and administration of the Fund which include but not limited to issuing units, preparing and issuing Fund's offering document. 8.3 The Board of Directors The Board of Directors ("Board"), of which at least one-third (1/3) are independent members, exercise ultimate control over the operations of the company. The Board meets once every two (2) months to discuss and decide on business strategies, operational priorities and ways of managing risk within AFM. The Board acts to ensure that investment risk and operational risk are monitored and managed. It also ensures that AFM's operations comply with regulations issued by the government and regulatory authorities. The list of Board members is available on our website at: https://www.aminvest.com/about-us/corporate-profile/amfunds-management-berhad. 8.4 Designated Fund Manager Raymond Lew Wei Chien

	Yew Joe first joined the Funds Management Division in 2006 as a fund manager. His last post was the Head of Fixed Income and oversaw investments in Islamic fixed income instruments and other related instruments. He holds a Bachelor of Commerce (Accounting and Finance) from the University of Southern Queensland, Australia. He also holds a Capital Markets Services Representative's License for the regulated activity of fund management. 8.6 Material Litigation As at the LPD, the Manager is not engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Manager and of its delegates. Note: Please refer to our website (www.aminvest.com) for further information in relation to AmFunds Management Berhad which may be updated from time to time.	The profile of Raymond Lew Wei Chien is available on our website at: https://www.aminvest.com/about-us/corporate-profile/amfunds-management-berhad. 8.5 Material Litigation Information on all current material litigation and arbitration, including those pending and threatened which might materially affect the business and financial position of AFM is available on our website at: https://www.aminvest.com/about-us/corporate-profile/amfunds-management-berhad. <i>Note: Please refer to our website (www.aminvest.com) for further information on the Manager and other corporate information which may be updated from time to time.</i>
The information in relation to Section 10.3 "Permitted Expenses Payable out of the Fund"	The expenses (or parts thereof) which are directly related and necessary for the day to day operation of the Fund are payable out of the Fund's assets and as provided in the Deed and includes the following: (a) commissions/fees paid to brokers or dealers in effecting dealings in the investments of the Fund; (b) taxes and other duties charged on the Fund by the government and/or other authorities; (c) costs, fees and expenses properly incurred by the Auditor and tax agent of the Fund; (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund; (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee; (f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee; (g) costs, commissions, fees and expenses of the sale, purchase and any other dealing of any asset of the Fund;	Only the expenses (or parts thereof) which are directly related and necessary in operating and administering the Fund or each class of units may be charged to the Fund or each class of units respectively. These would include (but are not limited to) the following: (a) commissions / fees paid to brokers / dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes; (b) taxes and other duties charged on the Fund by the government and/or other authorities; (c) costs, fees and expenses properly incurred by the Auditor and tax agent of the Fund; (d) fees for the valuation of any investment of the Fund; (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;

	(h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund; (i) costs, fees and expenses incurred in engaging any valuer, adviser or contractor (including but not limited to legal adviser) for the benefit of the Fund; (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund; (k) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company; (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund); (m) remuneration and out of pocket expenses of the independent members of the Investment Committee of the Fund, unless the Manager decides otherwise; (n) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority; (o) costs, fees and expenses incurred in relation to printing and postage of annual and quarterly reports; (p) (where the custodial function is delegated by the Trustee) charges and fees paid to the sub-custodians taking into custody any foreign assets of the Fund; and (q) any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (p) above.	(f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee; (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund; (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund; (i) costs, fees and expenses incurred in engaging any valuer, adviser (including but not limited to legal advisors/lawyers) or contractor for the benefit of the Fund; (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund; (k) costs, fees and expenses incurred in the termination of the Fund or a class of units or the removal or retirement of the Trustee or the Manager and the appointment of a new trustee or management company; (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund); (m) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise; (n) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement
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		(whether or not having the force of law) of any governmental or regulatory authority; (o) costs, fees and expenses incurred in relation to printing and postage of annual and quarterly reports; (p) any fees imposed and authorized by the SC to be charged to the Fund; (q) fees in relation to fund accounting, provided that the prior approval of the Unit Holders has been obtained. For the avoidance of doubt, once the approval of the Unit Holders has been obtained, no subsequent approval of the Unit Holders shall be required for such fee to be charged to the Fund; (r) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians in respect of the foreign investments of the Fund (if any); and (s) any tax and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under subparagraphs (a) to (r) above.
The disclosure in relation to "Termination of Trust by the Manager" under Section 10.6 "Termination of the Fund"	Termination of Trust by the Manager The Manager may in its absolute discretion determine the trust hereby created and wind up the Fund in accordance with the relevant laws or with the prior approval of the relevant authorities. Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund. Upon the termination of the trust by the Manager, the Manager shall as soon as practicable, give to each Unit Holder of the Fund being wound up notice of such termination; the Manager shall notify the existing Unit Holders of the Fund in writing of the following options: (a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of	Termination of Trust by the Manager Subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit Holders, terminate the trust hereby created and wind up the Fund if such termination: (a) is required by the relevant authorities; (b) is in the best interests of Unit Holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund; or (c) is a result of small Fund size, i.e. NAV is less than RM20 million or such other amount as the Manager and the Trustee may jointly deem it to be uneconomical for the Manager to continue managing the Fund.

	the Fund and all cash receivable by the Trustee available for distribution in proportion to the number of Units held by them respectively; (b) to switch to any other collective investment scheme managed by the Manager upon such terms and conditions as shall be set out in the written notification; or (c) to choose any other alternative as may be proposed by the Manager.	Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund. Upon the termination of the trust by the Manager, the Manager shall as soon as practicable give to each Unit Holder of the Fund being wound up a notice of such termination; and the Manager shall notify the existing Unit Holders in writing of the following options: (a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produce available for distribution in proportion to the number of units held by them respectively; (b) to switch to any other collective investment scheme managed by the Manager upon such terms and conditions as shall be set out in the written notification; or (c) to choose any other alternative as may be proposed by the Manager.
The disclosure in relation to "Quorum required for a unit holders' meeting" under Section 10.7 "Unit Holders' Meeting"	The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund or a class of Units has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a class of Units shall be any number of Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund or the applicable class of Units, as the case may be, at the time of the meeting.	The quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy. (a) However, if the Fund or a Class of units, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy; or if the Fund or a Class of units, as the case may be, has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be one (1) Unit Holder, whether present in person or by proxy. (b) If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the units in circulation of the Fund or a particular Class of units, as the case may be, at the time of the meeting. (c) If the Fund or a Class of units, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person

		or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund or a Class of units, as the case may be. The Unit Holders may participate in a Unit Holders' meeting by video conference, web-based communication, electronic or such other communication facilities or technologies available from time to time and to vote at the Unit Holders' meeting. For the avoidance of doubt, the chairman of the meeting shall be present at the meeting either virtually or physically at the main venue of the Unit Holders' meeting. Participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to above shall be deemed as present at the said Unit Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the main venue of where the Unit Holders' meeting is to be held.
The information in relation to Section 11 "Related Party Transactions or Conflict of Interest"	All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arm's length transaction between independent parties. The Fund may have dealings with parties related to the Manager. The related parties defined are Amlslamic Funds Management Sdn Bhd, AmlInvestment Bank Berhad, AmlInvestment Group Berhad, AmBank (M) Berhad and AmBank Islamic Berhad. Trading in securities by an employee is allowed, provided that the policies and procedures in respect of the personal account dealing are observed and adhered to. The directors, investment committee members and employees are required to disclose their portfolio holdings and dealing transactions as required under the Personal Account Dealing Policy and the Management of Conflict of Interest Policy. Further, the abovementioned shall make disclosure of their holding of directorship and interest in any company. To the best of Trustee's knowledge, there has been no event of conflict of interest or related party transaction which exists between the Trustee and the Manager or any potential occurrence of it.	The Manager has established and maintained policies and procedures to identify, manage and mitigate actual, potential or perceived conflicts of interest that may arise in the course of managing the Fund. Where a conflict of interest arises or may arise between the interests of the Fund and those of any director, shareholder, committee member, or employee of the Manager who performs an oversight or decision making function in relation to the Fund, such person shall declare the conflict and recuse himself or herself from any deliberation, decision making process or exercise of discretion relating to the matter, in accordance with the Manager's internal governance policies, to preserve the integrity and impartiality of the Fund's operations. The Fund may enter into transactions with related parties of the Manager. For the purposes of this Information Memorandum, the related parties of the Manager include Amlslamic Funds Management Sdn. Bhd., AmlInvestment Bank Berhad, AmlInvestment Group Berhad, AmBank (M) Berhad and AmBank Islamic Berhad. Such related party transactions may include, but are not limited to:

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| | <ul style="list-style-type: none">• dealings in the sale and purchase of investment securities and instruments by the Fund;• placement of monies in money market deposits or investments; and• the holding of units in the Fund by related parties in their capacity as investors. |
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All related party transactions shall be carried out on terms which are fair and reasonable, consistent with prevailing market practices and which are not less favourable to the Fund than those available in comparable arm's length transactions between independent parties. Such transactions shall be undertaken in accordance with the provisions of the Deed, the Manager's internal policies and applicable regulatory requirements, and shall be subject to appropriate review and oversight.

The Manager may undertake cross trades involving the fund and another fund or private mandate under the Manager's management, where permitted under the respective deeds, respective investment mandates, and applicable regulatory requirements. Any such cross trade shall be undertaken only where the Manager determines that the transaction is in the best interests of the fund and other participating portfolio, and that the terms, including the transaction price, are fair, reasonable and determined on an objective and independently supportable basis.

All cross trades involving the fund shall be subject to the Manager's internal policies and controls, appropriate segregation of duties, documentation and independent review or oversight. Cross trades between the fund and the personal account of any director, committee member or employee of the Manager are strictly prohibited.

Trading in securities by directors, committee members performing an oversight function and employees of the Manager are permitted, subject to strict compliance with the Manager's policies and guidelines on conflict of interest management and personal account dealing.

In addition, such individuals are required to disclose any directorships and interests held in any company, to ensure transparency and to facilitate the effective identification, monitoring and management of potential conflicts of interest.

		Details of related party transactions and cross trades (if any) will be disclosed in the Funds' reports to Unit Holders in accordance with applicable requirements.
The information in relation to Section 12.3 "Other Additional Information"	Customer Identification Program Pursuant to the relevant laws of Malaysia on money laundering, we have an obligation to prevent the use of the Fund for money laundering purposes. As such, we and/or our appointed distributors have put in place a "Know Your Customer" ("KYC") policy where procedures are in place to identify and verify the investor's identification through documents such as identity card, passport, constituent documents or any other official documents. We and/or our appointed distributors reserve the right to request such information, either at the time an application is made or thereafter, as is necessary to verify the identity of an investor (or each of the investors in the case of joint investors) and/or to periodically update our records. We and/or our appointed distributors require you to provide us with your information and information of beneficial owner such as name, date of birth, national registration card number, residential and business address, (and mailing address if different), name of beneficial owner, address of beneficial owner, national registration card number of beneficial owner, date of birth of beneficial owner or other information and official identification. For corporate clients, we and/or our appointed distributors require you to provide us the name of the company, principal place of business, source of income/asset, identification documents of the directors/shareholders/partners, board resolution pertaining to the investment and the person authorised to operate the account, all of which as per requirements under regulation when you open or re-open an account. We and/or our appointed distributors also reserve the right to request additional information including the source of the funds, source of wealth, net worth, annual income and identity of any beneficial owners as may be required to support the verification information and to allow us to complete adequate due diligence. In the event of delay or failure by	Customer Identification Program / Anti-Money Laundering We and/or our appointed distributors are required to comply with all applicable laws and regulation in relation to anti-money laundering, counter terrorism financing, anti-restricted activity financing and counter proliferation financing. As part of these obligations, we may, at the time an application is made or at any time thereafter, request such information and documentation as may be necessary to verify the identity of an investor, beneficial ownership, source of funds and source of wealth, or to comply with ongoing due diligence and regulatory requirements. Failure to provide the required information or documentation may result in the rejection of an application, restrictions being placed on transactions or redemptions, or the termination of the investment. In circumstances where required information is not provided or where verification cannot be satisfactorily completed, we and/or our appointed distributors reserve the right to refuse to accept a subscription application or to delay or decline the processing of redemption requests. In the case of a subscription application, any monies received will be returned to the account from which the monies were originally debited, without interest or profit. In the case of a redemption request, the relevant units will not be redeemed until the necessary requirements have been satisfied. Where required under applicable laws and regulations, we shall report suspicious transactions or other matters to the relevant authorities. We and/or our appointed distributors have established and maintain know-your-customer ("KYC") policies and procedures, which include measures to identify and verify the investors through appropriate documentation, such as identity cards, passports, constituent documents or any other official documents, as applicable.

the investor to produce any information required for verification purpose, we and/or our appointed distributors may refuse to accept an application request. In relation to a subscription application, any monies received will be returned without interest / profit to the account from which the monies were originally debited, and in relation to redemption application, no units will be redeemed to the investor. We and/or our appointed distributors also reserve the right to place restrictions on transactions or redemptions on your account until your identity is verified.

In the event of any breaches to the applicable laws on money laundering, we have a duty to notify the relevant authority of the said breaches.

Anti-Money Laundering (“AML”)/ KYC Obligation on distributor

If you have invested in the Fund via a distributor, there may be additional information that the distributor may need to provide to us, which may include the release of your particulars and details of ultimate beneficiaries / ultimate beneficial owners investing in the Fund to us. Without such information being provided, we may be required to reject your subscription or redemption request until such information is provided by the distributor to us.

For corporate investors, the required information may include, without limitation, details of the company's incorporation, principal place of business, nature of business, source of funds and/or assets, information on the ownership and control structure of the company, including the identity of its ultimate beneficial owner(s), as well as identification documents of directors, shareholders, partners or authorised signatories, relevant board resolutions, and details of authorised account operators, in accordance with applicable regulatory requirements.

Anti-Money Laundering (“AML”) / KYC Obligation from Target Fund

The Target Fund or its manager may request for additional KYC documentation of the Unit Holder or the beneficial owner in the Fund. For investors of the Fund, the Target Fund may also impose restriction in accepting subscription or redemption application until such information to their satisfaction is provided. In such circumstances, we may need to reject your subscription or redemption application until lower amounts are paid by the Target Fund.

AML / KYC Obligation on Distributors

If you invest in the Fund through a distributor, the distributor may be required to provide additional information to us, including details of ultimate beneficial owners or beneficiaries investing in the Fund. Failure to provide such information may result in the rejection or delay of subscription or redemption requests until the required information is received.

These measures are implemented to safeguard the integrity of the financial system and to prevent the misuse of the Fund for unlawful activities.