Information Memorandum

HONG LEONG ALL ROADS GROWTH FUND

Manager
HONG LEONG ASSET MANAGEMENT BHD
[199401033034 (318717-M)]

Trustee
DEUTSCHE TRUSTEES MALAYSIA BERHAD
[200701005591 (763590-H)]

THIS INFORMATION MEMORANDUM FOR THE **HONG LEONG ALL ROADS GROWTH FUND** IS DATED 22 MAY 2025.

This Fund is constituted on 16 May 2025.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 11.

RESPONSIBILITY STATEMENTS

This Information Memorandum has been reviewed and approved by the directors of Hong Leong Asset Management Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Information Memorandum false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.

The lodgement of this Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd, the management company responsible for the Fund and takes no responsibility for the contents in this Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Information Memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

ADDITIONAL STATEMENTS

Sophisticated Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in this Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Information Memorandum or the conduct of any other person in relation to the Fund.

IF THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL, THE CAPITAL OF THE FUND MAY BE ERODED. THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

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1. DEFINITIONS

AUD	Australian Dollar.
AUD-Hedged Class	Represents a Hedged Class issued by the Fund which is denominated in AUD.
Auditor	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146). The appointed auditor for the Fund.
Base Currency	The base currency of the Fund, EUR.
BOD	Refers to the board of directors of HLAM.
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad [200301033577 (635998-W)] and includes any changes to the name or the operator of the Malaysian stock exchange.
Business Day	A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading. *Note: We may declare certain Business Day to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day. This information will be communicated to you via our website at www.hlam.com.my.*
CIS	Collective investment scheme.
Class(es)	Refers to any number of class(es) of Units representing similar interests in the assets of the Fund and such other Class(es) that may be issued by the Fund from time to time and "Class" means any one class of Units.
CMSA	Capital Markets and Services Act 2007 and any amendments made thereto.
Deed	The deed in respect of the Hong Leong All Roads Growth Fund dated 16 May 2025 entered into between the Manager and the Trustee for the Unit holders, including any supplementary deeds thereto.
DTMB or Trustee	Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)].
EUR	Euro.
EUR Class	Represents a Class issued by the Fund which is denominated in EUR.
FATCA	The Foreign Account Tax Compliance provisions contained in the Hiring Incentives to Restore Employment Act signed into U.S. law in March 2010; FATCA is construed as: (i) sections 1471 through 1474 of the U.S. Internal Revenue Code and any successor provisions, associated legislation, regulations and guidance, and similar legislation, regulations and guidance enacted to implement similar tax reporting or withholding tax regimes; (ii) any intergovernmental agreement, treaty, legislation, regulation, guidance and other agreement entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described under (i); (iii) any legislation, regulations or guidance issued by an applicable governmental entity that gives effect to the matters described under paragraphs (i) and (ii).
financial institutions	Means: (a) if the institution is in Malaysia - (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank; or

	(b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
Forward Price	The Selling Price or Redemption Price of the Fund (or a Class) calculated based on the NAV per Unit of the Fund (or a Class) at the next valuation point after the application to purchase or redeem Units is received by the Manager.
Guidelines	Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the SC including any amendments made thereto.
Hedged Class	Means a particular Class that aims to reduce the effect of exchange rate fluctuations between the Base Currency and the currency in which Unit holders are exposed to through the NAV hedging method carried out by the Fund. The NAV hedging method is undertaken to mitigate substantial currency movements between the Base Currency and the currency of the Hedged Class.
HLAM or the Manager	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
HLARGF or the Fund	Hong Leong All Roads Growth Fund.
Information Memorandum	Refers to this Information Memorandum of the Fund, including any supplementary or replacement information memorandum thereto.
Initial Offer Period (IOP)	Refers to the period when the Units are created, cancelled, sold and redeemed which shall not exceed twenty-one (21) calendar days from the launch date of the Fund.
medium to long-term	Three (3) to five (5) years.
MYR	Ringgit Malaysia.
MYR Class	Represents a Class issued by the Fund which is denominated in MYR.
MYR-Hedged Class	Represents a Hedged Class issued by the Fund which is denominated in MYR.
Multi-class ratio or MCR	Multi-class ratio, being the apportionment of the Fund's NAV to each Class based on the size of that Class. The MCR is calculated by dividing the NAV (in EUR) attributable to each respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
NAV per Unit	The NAV of the Fund (or a Class) divided by the number of UIC for the Fund (or a Class) at the same valuation point.
Net Asset Value (NAV)	Net asset value of the Fund or a Class. The NAV of the Fund (or a Class) on each Business Day is determined by deducting the value of all the Fund's liabilities (or the liabilities relating to that Class) from the value of all the Fund's assets (or the assets relating to that Class), at a valuation point.
OTC	Over-the-counter.
RAM	RAM Rating Services Berhad [200701005589 (763588-T)].
Redemption Price	The price payable to an investor (before deducting the redemption charge, if any) for a Unit pursuant to a redemption request. The Redemption Price shall be the NAV per Unit of the Fund (or a Class) as at the next valuation point of the Fund after a redemption request is received and accepted by the Manager.
SC	The Securities Commission Malaysia.

Selling Price	The price payable by an investor (before including the sales charge) for the purchase of a Unit pursuant to a request for purchase of Units. The Selling Price shall be the NAV per Unit of the Fund (or a Class) as at the next valuation point of the Fund after a request for purchase of Units is received and accepted by the Manager.
SGD	Singapore Dollar.
SGD-Hedged Class	Represents a Hedged Class issued by the Fund which is denominated in SGD.
Single Pricing	It is a method when you purchase Units from the Manager and sell your Units back to the Manager at a single price, i.e. the NAV per Unit. The sales charge and the redemption charge (if any) would be calculated separately based on your invested amount/redemption proceeds.
Sophisticated Investor(s)	Means: (a) any person who is determined to be a sophisticated investor under the Guidelines on Categories of Sophisticated Investors issued by the SC; (b) any person who acquires any capital market product specified under the Guidelines where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or (c) any other category of investors as may be defined by the SC from time to time.
Special Resolution	Means a resolution passed at a meeting of Unit holders duly convened in accordance with the Deed by a majority of not less than three-fourths (3/4) of the Unit holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths (3/4) of the Unit holders present and voting” means three-fourths (3/4) of the votes cast by the Unit holders present and voting; for the purposes of terminating the Fund or a Class, “Special Resolution” means a resolution passed at a meeting of Unit holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths (3/4) of the value of the Units held by the Unit holders in the Fund or in that Class, as the case may be, present and voting at the meeting in person or by proxy.
Target Fund	LO Funds - All Roads Growth, (EUR) I A
Target Fund Prospectus	Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at www.loim.com.
UIC	Units in circulation.
Unit(s)	Is an undivided share in the beneficial interest and/or rights in the Fund (or a Class) and a measurement of the interest and/or right of a Unit holder in the Fund (or a Class) and means a Unit of the Fund (or a Class).
Unit holder(s)/ applicant(s)/ you	Means the Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including the persons jointly registered.
U.S. / United States	Refers to United States of America.

U.S. Person	Refers to a person described in section 7701(a)(30) of the Internal Revenue Code: - a citizen or resident of the United States; - a United States partnership; - a United States corporation; - any estate (other than an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under the Internal Revenue Code); and - any trust if: (a) a court within the United States is able to exercise primary supervision over the administration of the trust; and (b) one or more United States persons have the authority to control all substantial decisions of the trust.
USD	United States Dollar.
USD-Hedged Class	Represents a Hedged Class issued by the Fund which is denominated in USD.

2. CORPORATE DIRECTORY

MANAGER
HONG LEONG ASSET MANAGEMENT BHD [199401033034 (318717-M)]
Registered office:
Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : +603-2080 9888
Fax : +603-2080 9801

Business address:
Level 18, Block B, Plaza Zurich
No. 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Tel : +603- 2081 8600
Website : www.hlam.com.my
E-mail : inquiry@hlam.hongleong.com.my

TRUSTEE
DEUTSCHE TRUSTEES MALAYSIA BERHAD [200701005591 (763590-H)]
Registered address and Business address:
Level 20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : +603-2053 7522
Fax : +603-2053 7526

3. FUND INFORMATION

3.1. General Information of the Fund

<table>
<tr><td>Fund name</td><td>Hong Leong All Roads Growth Fund</td></tr>
<tr><td>Base currency</td><td>EUR</td></tr>
<tr><td>Fund category</td><td>Mixed assets</td></tr>
<tr><td>Fund type</td><td>Growth</td></tr>
<tr><td>Launch date</td><td>22 May 2025</td></tr>
<tr><td>Initial offer price</td><td>
<table>
<tr><th>EUR Class</th><th>MYR Class</th><th>MYR-Hedged Class</th><th>USD-Hedged Class</th><th>AUD-Hedged Class</th><th>SGD-Hedged Class</th></tr>
<tr><td>EUR1.00 per Unit</td><td>RM1.00 per Unit</td><td>RM1.00 per Unit</td><td>USD1.00 per Unit</td><td>AUD1.00 per Unit</td><td>SGD1.00 per Unit</td></tr>
</table>
</td></tr>
<tr><td>Financial year end</td><td>30th April</td></tr>
<tr><td>Initial Offer Period (IOP)</td><td>The IOP for the Fund will be twenty-one (21) calendar days from the launch date of the Fund, i.e. commencing from 22 May 2025 to 11 June 2025.</td></tr>
<tr><td>Commencement date</td><td>The date on which the investments of the Fund are first made and is the date which falls on the next Business Day immediately after the expiry of the IOP.</td></tr>
</table>

3.2. Investment Objective

The Fund aims to achieve capital growth by investing in a CIS.

Any material change to the investment objective of the Fund would require Unit holders' approval.

3.3. Investment Policy, Strategy and Asset Allocation

The Fund seeks to achieve its investment objective by investing a minimum of 85% of its NAV in the Target Fund*. The balance of the Fund's NAV may be invested in money market instruments and/or deposits with financial institutions.

The Manager may substitute the Target Fund with another fund that has a similar investment objective with the Fund, if, in the Manager's opinion, the Target Fund no longer meets the Fund's investment objective. However, this is subject to the Unit holders' approval before such changes are made.

The Fund may employ OTC derivative instruments such as forward contracts, interest rate swaps or cross currency swaps amongst others, to manage, minimize or mitigate inherent foreign currency-denominated risks or interest rate risks associated with the Fund's investments. The use of derivatives is for currency hedging purposes only and the global exposure relating to derivatives will be calculated using a commitment approach.

* *Please refer to Chapter 4 – Information on the Target Fund for details on how the Target Fund works and the investment policies and strategies employed by the Target Fund.*

Commitment approach

The global exposure of the Fund to derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC derivatives.

Netting arrangements may be taken into account to reduce the Fund's exposure to derivatives. The Fund may net positions between bilateral or multilateral derivatives contracts that gives rise to an equivalent underlying obligation e.g. settlement date, currency pairs, etc. to minimize credit, settlement and liquidity risk.

As part of its derivatives hedging arrangements, the hedging arrangement must:

(a) not be aimed at generating excess returns on a standalone basis;
(b) result in an overall verifiable reduction of the risk in the Fund;
(c) offset the general and specific risks linked to the underlying constituent being hedged;
(d) relate to the asset class being hedged;
(e) be able to meet its hedging objectives in all market conditions; and
(f) the global exposure of the derivatives position must not exceed the NAV of the Fund at all times.

The exposure to a counterparty of an OTC derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivatives and the total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty.

The Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least "AA3" by RAM or its equivalent rating by Malaysian Rating Corporation Berhad. Whereas, a foreign counterparty must have a credit rating of at least "A" as rated by Standard & Poor's Ratings Services or its equivalent rating by another recognised global rating agency. The Manager will unwind the affected invested derivative instruments or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings.

Temporary Defensive Strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its exposure in the Target Fund to below the above stated range by reallocating its investments into lower-risk assets such as money market instruments and deposits.

3.4. Risk Factors

3.4.1 General Risks

Prospective Sophisticated Investors should consider the following general risks of investing in the Fund in addition to the other information set out in this Information Memorandum:

- **Market risk**
  Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. Prices of instruments that the Fund has invested in may fluctuate in response to market developments (such as adverse changes in government regulations and policies, economic developments, investor sentiment, inflation, interest rates and exchange rates), which would then affect the Fund's NAV per Unit.

- **Interest rate risk**
  This risk refers to the effect of interest rate changes on the prices of the Fund's investments in money market instruments such as negotiable instruments of deposits ("NID"). Generally, interest rate movements are inversely correlated with prices of NID, i.e. when interest rate rise, prices of NID will fall and vice versa.

The fluctuations in the prices of the NID may, in turn, have an impact on the Fund's NAV per Unit. This risk can be mitigated by holding the NID until their maturity due to the lock in of price and yield.

- **Non-compliance risk**
  This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavourable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.

- **Loan financing risk**
  The risk occurs when Unit holders take a loan or financing to finance their investment. The inherent risk of investing with borrowed or financed money includes Unit holders being unable to service the loan or financing payments. In the event Units are used as collateral, Unit holders may be required to top-up their existing instalments if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan or financing.

  Please see unit trust loan financing risk disclosure statement in the account opening form (individual) section.

- **Inflation/Purchasing power risk**
  This refers to the likelihood that a Unit holder's investments are not growing at a rate equal or greater than the inflation rate, thus resulting in the Unit holder's decreasing purchasing power.

- **Liquidity risk**
  Liquidity risk comprises two (2) broad risk types: Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a CIS can be sold at or near its fair value depending on the trading volume of that CIS in the market. If the Fund holds a CIS that is less liquid, the CIS may have to be sold at unfavourable prices and/or withdraw deposits placed with financial institutions prior to maturity which would expose the Fund to a higher degree of market liquidity risk. As such, any premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment to meet any shortfall will have adverse impact on the Fund's NAV per Unit and subsequently the value of Unit holders' investments in the Fund. Funding Liquidity Risk is defined as the risk that the Fund will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Fund's inability to meet redemption requests without major distortion to the portfolio allocation.

  To mitigate this risk, the Manager will employ prudent liquidity management such as cash flow and redemption monitoring to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request supplemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply liquidity risk management tools inclusive of liquidity stress test to assess the Fund's viability to meet expected and unexpected redemptions under adverse scenarios. Additionally, the Manager will employ liquidity risk scoring. The liquidity risk scoring is part of the calculation of the risk profile of the Fund. It measures the liquidity profile of the investments and is able to trigger the Manager on the investments that have a worsened liquidity position.

  The Manager may, in consultation with the Trustee, suspend dealing in Units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the Unit holders in an effort to further curtail the liquidity risk experienced by the Fund. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's assets cannot be determined.

- **Suspension of repurchase request risk**

  Having considered the best interests of Unit holders, the repurchase requests by the Unit holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the Fund's assets cannot be determined. In such case, Unit holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the Fund.

3.4.2 Specific Risks

In addition, there are also specific risks associated with the investment portfolio of the Fund. The specific risks include but are not limited to the following:

- **Concentration risk**
  The Fund invests in a single CIS, i.e. the Target Fund. Any adverse effect on the Target Fund will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the Target Fund. This risk may be mitigated as the Manager is allowed to take temporary defensive positions in response to adverse market conditions. Additionally, the Manager can substitute the Target Fund with a similar fund that has a similar investment objective with the Fund, if, in the Manager's opinion, the Target Fund no longer aligns with the Fund's investment objective subject to the approval of Unit holders.

- **Counterparty risk**
  The Fund's investments in money market instruments or placements of deposits with financial institutions are subject to the risk of the counterparty. Counterparty risk refers to the possibility that the counterparties or financial institutions being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund. To mitigate this risk, the Manager will ascertain the creditworthiness of the counterparties or financial institutions through a rigorous and disciplined credit research and analysis prior to its investments.

- **Currency risk**
  This risk is associated when the Fund has investments that are denominated in foreign currency. Any fluctuations in the currency exchange rates can affect the Fund's foreign investments when it is converted back to the Base Currency, and subsequently affect the Fund's NAV per Unit. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment. This risk may be mitigated through investing in a wide range of foreign currency denominated assets, thus reducing the risk of single currency exposure. Alternatively, hedging may be applied to mitigate the currency risk, where necessary. While currency hedging has the potential to mitigate adverse currency fluctuations, any potential gains from currency appreciation will be capped. Therefore, Unit holders will not benefit from any currency appreciation.

- **Country risk**
  The foreign investments made by the Fund may be affected by changes in the economic, social and/or political conditions of the countries in which the investments are made. These changes may in turn, influence the growth and development of businesses and have an adverse impact on market sentiment. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall. However, this risk may be mitigated by conducting thorough research on the respective markets, their economies, companies, politics and social conditions as well as minimising or omitting investments in such markets.

  The Manager will also ensure all the necessary licenses/permits for investments are applied for in countries that require such licenses/permits. The Manager will seek to invest in other accessible markets if the Manager is unable to obtain the necessary licenses/permits in those countries, or that such licenses/permits are revoked or not renewed.

- **Target Fund manager risk**
  The Fund invests in the Target Fund which is managed by a separate entity. This means the Target Fund's manager has full discretion over the Target Fund's investment strategy, expertise, operational controls, and overall management.

  While unlikely, mismanagement of the Target Fund could negatively impact the NAV of our Fund. In such a scenario, the Manager reserves the right to seek an alternative CIS that aligns with the Fund's objective subject to the approval of Unit holders.

- **Hedging risk**
  The Manager has the flexibility to hedge particularly the foreign currency exposure by using derivatives. Foreign currency hedging has the potential to mitigate adverse foreign currency fluctuations but may not completely eliminate all currency risk. Hedging involves costs which reduce investment performance of the Fund.

3.4.3 Specific Risks of the Target Fund

As the Fund invests predominantly in the Target Fund, the Fund also assumes the risks associated with the Target Fund. The risk disclosure in relation to the Target Fund is excerpted directly from the Target Fund Prospectus. Please refer to Section 4.3.2 – Specific Risks of the Target Fund for more details.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.

SOPHISTICATED INVESTORS SHOULD TAKE NOTE THAT THE ABOVE LIST OF RISKS MAY NOT BE EXHAUSTIVE AND IF NECESSARY, THEY SHOULD CONSULT THEIR ADVISER(S) FOR A BETTER UNDERSTANDING OF THE RISKS.

3.5. Risk Management Strategies

The risk management strategies undertaken by the Manager include but are not limited to the following:

- monitoring and evaluating the market and economic conditions;
- adhering to the Fund's investment objective, investment strategies, investment limits and restrictions as stated in this Information Memorandum and/or the Deed;
- constant monitoring of the Fund's investments to ensure the Fund maintains reasonable levels of liquidity to meet any redemption request; (*Please refer to 'Liquidity Risk' in Section 3.4.1 – General Risks for more details)*;
- regular review of the Fund's performance; and
- escalating and reporting investment matters to the BOD.

3.6. Distribution Policy

The Fund intends to provide Unit holders with medium to long-term capital growth. As such, income distributions will be incidental to overall capital growth objective.

3.7. Performance Benchmark

The Fund does not have a benchmark.

Note: The Target Fund does not have a benchmark.

3.8. Permitted Investments

The Fund may invest in any of the following investments, including but not limited to:

- Units/shares of a CIS;
- Money market instruments;
- Deposits with licensed financial institutions; and
- Derivatives for hedging purposes only.

3.9. Investor Profile

The Fund is suitable for Sophisticated Investors who:

- are seeking a diversified portfolio that provides exposure globally;
- are seeking capital growth over a medium to long-term investment horizon; and
- are willing to assume a higher risk in their investments to obtain potential higher returns.

4. INFORMATION ON THE TARGET FUND

4.1. About the Structure and Management Company of the Target Fund

Lombard Odier Funds (the “Company”) is organized as a public limited company under the Luxembourg law of 10 August 1915 on commercial companies as amended from time to time (the “1915 Law”), and qualifies as a “société d’investissement à capital variable” under Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment or any legislative replacements or amendments thereof as amended from time to time (the “2010 Law”) as an undertaking for collective investment in transferable securities (“UCITS”) and complies with the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended from time to time.

The Company is registered under number B-25.301 in the Luxembourg Trade and Companies Register.

The Company’s registered office is 291, route d’Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg.

The board of directors of the Company (the “Board”) has appointed Lombard Odier Funds (Europe) S.A (the “Management Company”) to act as the management company of the Company in accordance with Chapter 15 of the 2010 Law subject to the overall supervision and control of the Board. The Management Company is organised as a “société anonyme” in the Grand Duchy of Luxembourg under the 1915 Law. It is also a management company to other UCITS and undertakings for collective investment, including UCITS (“UCIs”) under the 2010 Law as well as to alternative investment funds within the meaning of the Luxembourg law of 12 July 2013 on alternative investment funds managers (as amended).

4.2. About the Target Fund

Investment objective and policy of the Target Fund

The Target Fund is actively managed. The Target Fund is not managed in reference to an index.

The Target Fund seeks to generate steady performance over market cycles, and aims to offer higher risk-adjusted returns while controlling risk.

The Target Fund implements an asset allocation strategy in bonds, other fixed or floating-rate debt securities and short-term debt instruments issued or guaranteed by sovereign or non-sovereign issuers, convertible bonds, equities, currencies and/or cash and cash equivalents, denominated in Organization for Economic Cooperation and Development (“OECD”) currencies and/or emerging market currencies, including offshore renminbi (“CNH”) and onshore renminbi (“CNY”). The instruments described above may be of any credit quality (including below investment-grade securities as described in paragraph 3.2 of the Target Fund Prospectus). The Target Fund’s manager uses its discretion with regard to the selection of issuers, markets (in particular, the Target Fund may be fully invested in emerging markets) and currencies (including emerging market currencies).

The Target Fund may invest up to 15% of its net assets in shares issued by mainland China-incorporated companies (including shares in mainland China-based companies that trade on Chinese stock exchanges (“China A-Shares”)) that trade on exchanges. The China A-Shares will be acquired via the Shanghai-Hong Kong Stock Connect, which is a securities trading and clearing links programme developed by the Stock Exchange of Hong Kong Limited (“SEHK”), the Shanghai Stock Exchange (“SSE”), Hong Kong Securities Clearing Company Limited (“HKSCC”) and China Securities Depositary and Clearing Corporation Limited (“ChinaClear”) with an aim to achieve mutual stock market access between the People’s Republic of China (“PRC”) and Hong Kong. Stock Connect comprises the Northbound link, through which the Target Fund may purchase and hold eligible securities listed and traded on the SSE, including China A-Shares (“SSE Securities”), and the Southbound link, through which investors in Mainland China may purchase and hold shares listed on the SEHK. The Company will trade through the Northbound link (“Stock Connect”). Up to 35% of the Target Fund’s portfolio may be invested in bonds of China Interbank Bond Market (“CIBM”), notably through the scheme launched for mutual access between the Hong Kong and mainland China bond markets through a cross-border platform (“Bond Connect”).

The Target Fund’s manager may implement qualitative and/or systematic strategies, such as risk-based methodologies. According to such methodology the weight of any given asset or group of assets is adjusted in order to control its contribution to the total portfolio risk. Other things equal, the higher the risk of loss of an asset or group of assets, the lower its weight in the portfolio. For each asset or group of assets, the risk is calculated using proprietary models analyzing various data such as historical price movements.

In addition to the above-mentioned investments, the Target Fund’s manager may use financial derivative instruments (i) to take long and short positions on currencies (OECD currencies and/or emerging market currencies) and/or (ii) to increase or reduce its exposure to specific asset classes, markets (including emerging markets) and indices (including commodity indices).

With respect to strategies involving exposure to commodities, their exposure is achieved through the use of a swap agreement.
Also, as part of the implementation of its investment strategy, the Target Fund has been exposed on a continuous basis to an unfunded excess return swap agreement. According to the Target Fund’s manager, such unfunded excess return swap is an efficient tool to implement a long or short strategy on equity while reducing costs as well as liquidity risks.

The Target Fund will only enter into swap agreements with counterparties which are first-class financial institutions.

The Target Fund may also be fully invested, in accordance with the applicable diversification rules, in cash and cash equivalents (including short-term asset-backed securities/mortgage-backed securities which may represent up to 10% of investments in cash and cash equivalents). The Target Fund may hold cash and cash equivalents in order to achieve its investment goals, for treasury purposes or in case of unfavorable market conditions.

The Target Fund may hold up to 10% of its net assets in UCIs.

The Target Fund’s strategy aims at implementing a growth risk profile. The level of expected leverage is deemed to remain relatively high.

Expected level of leverage

The Target Fund’s leverage under the sum of notional of financial derivative instruments approach is expected to be around 350% of net asset value of the Target Fund. The Target Fund exposure to total return swap (“TRS”) expressed as the sum of notionals is expected to range between 20% and 105% of net asset value of the Target Fund. In cases where this range is exceeded, exposures should remain below 140%. Investors should note that expected exposures and leverage may be exceeded.

Reference currency of the Target Fund (“reference currency”)
EUR

4.3. Risks of the Target Fund

4.3.1 General Risks of the Target Fund

Credit Risk
Credit risk is a general risk that applies to all investments. It is the risk of loss due a debtor’s non-payment of a loan or other obligation (either the principal or interest or both). For the Target Fund, the debtor may be either the issuer of an underlying security (the “Issuer Risk”) or the counterparty to a transaction, such as an OTC derivative contract, a repurchase or reverse repurchase agreement or a loan of portfolio securities (the “Counterparty Risk”). The debtor may be a government (the “Sovereign Risk”). Credit risk is also the risk of loss due to a credit event, other than the debtor’s default of payment, such as, but not limited to, the downgrading of a debtor’s credit rating or the rescheduling of a debtor’s debt.

Issuer Risk - If an issuer of an underlying fixed income or equity security defaults, the Target Fund may lose the full amount invested in such security.

Counterparty Risk - The Target Fund may effect “over-the-counter” transactions or deal in “interdealer” markets. This exposes the Target Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Target Fund to suffer a loss which may correspond to the full amount exposed with such counterparty. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Target Fund has concentrated its transactions with a single or small group of counterparties.

Sovereign Risk - Where the issuer of the underlying fixed income security is a government or other sovereign issuer, there is a risk that such government is unable or unwilling to meet its obligations, therefore exposing the Target Fund to a loss corresponding to the amount invested in such security.

Systemic Risk - Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Target Fund interacts on a daily basis.

Market and Volatility Risk
Market risk is a general risk that applies to all investments. It is the risk that the value of an investment will decrease due to moves in market factors such as exchange rate, interest rate, equity or volatility.

Volatility risk is the likelihood of fluctuations in prices, rates or currencies quoted on different markets. Volatility may impact the net asset value of the Target Fund in several ways. As market volatility increases so does the volatility of the net asset value per share of the Target Fund.

Interest Rate Risk
Interest rate risk is the risk that the value of an investment will decrease, due to the variability of interest rates. When interest rates tend to rise, the value of debt securities tend to fall, as does the net asset value per share of the Target Fund invested in debt securities. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is a measure of sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates.

Exchange Rate Risk
Exchange rate risk is a general risk that applies to the Target Fund which is investing in assets in a currency other than the reference currency (the “foreign currency”). It is the risk that the value of those assets will decrease, as will the net asset value of the Target Fund, due to unfavorable exchange rates. If the currency in which a security is denominated appreciates against the reference currency, 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. Currency risks are proportional to the amount of assets of the Target Fund held in foreign currencies.

The Target Fund may offer classes of shares in an alternative currency. Changes in the exchange rate between the reference currency and such alternative currency may lead to a depreciation of the value of such shares as expressed in the alternative currency. Even when the exchange rate risk is hedged, there can remain a residual exchange rate risk. Although hedging strategies may not necessarily be used in relation to each class of share within the Target Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Target Fund as a whole (no segregation between classes within the Target Fund).

Liquidity Risk
Liquidity risk is the risk that a given asset can not be traded quickly enough without affecting the price of the asset. In normal market conditions, liquidity risk is low as the Target Fund may only invest in eligible assets mentioned in Section 4.4.1 – Eligible Assets below. In turbulent market times however, low-volume markets make it difficult for the Target Fund to sell its assets at their fair price or to sell them at all. Should the Target Fund face large redemption requests in turbulent market times, the directors of the Company may take appropriate measures to protect shareholders interests.

Unlisted and/or Illiquid Securities Risk
The Target Fund may invest or hold a limited part of its net assets (max 10%) in securities that are not (or no longer) listed on exchanges or on a regulated market or which may be considered illiquid due to the lack of an active trading market. The Target Fund may encounter substantial delays and could incur losses in attempting to sell such securities. Where appropriate, positions in the Target Fund’s portfolio that are illiquid and do not

actively trade will be marked to market, taking into account current market prices, market prices of comparable investments and/or such other factors (e.g. the tenor of the respective instrument) as may be appropriate. To the extent that marking an illiquid investment to market is not practicable, an investment will be carried at fair value, as reasonably determined by the directors of the Company or their delegate. There is no guarantee that fair value will represent the value that will be realized by the Target Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. As a result, an investor redeeming his/her shares from the Target Fund prior to realization of such an investment may not participate in gains or losses thereof.

Large Redemption Risk
Large redemptions of shares in the Target Fund within a limited period of time might result in the Target Fund being forced to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the shares being redeemed and the remaining outstanding shares.

Hedging Transactions Risk
The Target Fund may hold financial instruments, both for investment purposes and for hedging or efficient portfolio management ("EPM") purposes. The success of the Target Fund or the Target Fund's share classes' hedging strategy will depend, in part, upon the Target Fund's manager's ability correctly to assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Target Fund or the Target Fund's share classes' hedging strategy will also be subject to the Target Fund's manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Target Fund or the Target Fund's share classes may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Target Fund or the Target Fund's share classes than if it had not engaged in such hedging transactions. For a variety of reasons, the Target Fund's manager may not seek to establish a perfect correlation between the hedging instrument utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Target Fund or the Target Fund's share classes from achieving the intended hedge or expose the Target Fund or the Target Fund's share classes to risk of loss. The Target Fund's manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk.

Structured Financial instruments ("SFIs") Risk
SFIs are subject to the risks associated with the underlying investments. Investments in SFIs may entail the risk of loss of principal and/or interest payment as a result of movements in the underlying investments. As such underlying investments may combine financial derivative instruments, SFIs may be subject to greater volatility than direct investments in fixed income and equity securities. In addition, investments in SFIs will expose the Target Fund to the credit risk of the counterparty issuing the SFI. In the event of a bankruptcy or insolvency of such counterparty or when the financial institutions issuing such SFIs are facing difficult market conditions, the Target Fund may experience delays in liquidating the positions and significant losses as a result of declines in value of the SFIs. The SFIs also entail liquidity risk, as they may not be as liquid as their underlying assets, depending on the market conditions.

Fiscal Risk
Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends 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 taxation levied by withholding at source. Tax law and practice in certain countries into which the Target Fund invests or may invest in the future cannot be definitively established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed retroactively. It is therefore possible that the Target Fund could become subject to additional taxation in such countries where this is not anticipated either at the date of the Target Fund Prospectus or when investments are made, valued or disposed of.

Administrative Agent and Depositary Risk
The Target Fund's operations are carried out by the service providers described in the Target Fund Prospectus. In the event of bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of shares) or other disruptions.

The Target Fund's assets are held in custody by the depositary and the duly appointed sub-depositary, which expose the Target Fund to risks of loss associated to the depositary function if (1) the depositary/sub-depositary fails to perform its duties (improper performance) and (2) if the depositary/sub-depositary defaults.

Performance Risk in respect of the use of EPM techniques
While the Target Fund seeks to generate additional revenues, the overall performance of the Target Fund employing such techniques may be adversely affected in the event that one of the risks mentioned above materializes and leads to a loss.

Operational Risk
Operational risk is a general risk that applies to the Target Fund when carrying operations on behalf of the Target Fund as part of its investment policy. Such risk materializes through operational errors which includes, inter alia, trading errors and similar human errors, such as keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. The Management Company or, as the case may be the Target Fund's manager, their members, directors, shareholders, officers, employees and affiliates, their respective legal representatives (each, an "Indemnified Party"), shall not be liable to the Company or its shareholders for any losses resulting from operational errors, except such losses resulting from fraud, wilful default or negligence of the Indemnified Party. The foregoing provisions shall not be construed to relieve any Indemnified Party of any liability, to the extent that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate these provisions to the fullest extent permitted by law and regulations.

Regulatory Risk
General - Due to numerous regulatory reforms currently undertaken, there is a risk that the investment policy of the Target Fund may be affected and that further restrictions may limit the ability of the Target Fund to hold certain instruments or enter into certain transactions and impair the Target Fund's capability of achieving its initial investment objective. In order to comply with new or modified laws, rules and regulations it cannot be excluded that restructuring or termination of the Target Fund may be necessary and additional costs may be incurred. A non-exhaustive list of potential regulatory changes in the European Union ("EU") and the U.S. are listed below.

EU - The EU is currently addressing the following topics (list not exhaustive):

- the consultation initiated by the European Commission on product rules, liquidity management, depositary, money market funds, long-term investments in view to another UCITS directive;
- specific matters relating to UCITS and dealt with by European Securities and Markets Authority - the role of European Securities and Markets Authority is to achieve greater consistency in day to day application of EU legislation in the security markets field and it plays an active role in building a common EU supervisory culture and consistent supervisory practice, including by providing opinions and issuing guidelines and recommendations which are a central reference for the work of national regulators; and
- the proposal for the EU Financial Transaction Tax.

United States of America - Regulators in the United States are taking or have taken actions on the following topics (list not exhaustive):

- the Dodd-Frank Wall Street Reform and Consumer Protection Act imposed the so-called "Volcker Rule" which restricts, "banking entities" and "non-bank financial companies" from engaging in certain activities, such as proprietary trading and investing in, sponsoring, or holding interests in investment funds;
- the Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into U.S. law in March 2010. It includes provisions on FATCA. The purpose of FATCA is to reduce tax evasions by U.S. citizens by having details of U.S. investors holding assets outside the U.S. reported by Foreign financial institution(s) under FATCA ("FFIs") to the U.S. Internal Revenue Service. As a result of the Hire Act, and to discourage FFIs from staying outside this regime, all U.S. securities held by a financial institution that does not enter and comply with the regime will be subject to a U.S. tax withholding of 30% on gross sales proceeds as well as income (the "FATCA Withholding"). This regime has become effective in phases between 1 July 2014 and 2017. On 28 March 2014, the U.S. and the Grand Duchy of Luxembourg entered into a model 1 intergovernmental agreement ("IGA") and a memorandum of understanding in respect thereof in order to facilitate the compliance with the provisions of FATCA. On 29 July 2015, the law of 24 July 2015 approving the IGA between the Grand Duchy of Luxembourg and the U.S. was published (the "FATCA Luxembourg Law"). The Company, through its sub-funds, qualifies as a FFI. According to FATCA, the IGA and the FATCA Luxembourg Law, a FFI can qualify as either a "reporting" FFI or a "non-reporting" FFI. Depending on the status of "reporting" or "non-reporting" FFI attributable to the Company, it may be obliged to require all shareholders to provide mandatory documentary evidence of their tax residence and report certain data to the Luxembourg authority on reportable accounts and/or impose restrictions on the offering and selling of shares to certain categories of investors with no duty to report or withhold on U.S. source gross

sales proceeds or income. It should also be noted that although the Company will make all reasonable efforts to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy such obligations and therefore avoid the FATCA Withholding which may have adverse impact on all shareholders. Investors are further advised to consult their own legal and tax advisor regarding the possible implications of FATCA on their investment in the Company.

Dilution Risk
Investors may reasonably expect to incur costs caused by the Target Fund's manager's trading activities in pursuit of the investment objective of the Target Fund but may not reasonably expect to suffer a reduction in shareholder value (dilution) influenced by other shareholders excessively trading into or out of the Target Fund causing the Target Fund to significantly invest/ disinvest in securities or markets.

Dilution can occur, for example, due to:
- buying securities at a higher offer-price;
- selling securities at a lower bid-price;
- increased explicit transaction costs including brokerage fees, commissions and taxes;
- market impacts as a result of purchasing or selling down securities due to the effects on the supply and demand curves of those securities in the market.

Anti-dilution mechanisms such as swing pricing purport to provide reasonable protection to existing shareholders in the Target Fund against the negative dilution impact on the net asset value of the Target Fund occurring when the Target Fund invests/disinvests in securities or markets as a result of shareholder activity. This is achieved by transferring the estimated dilution impact to those shareholders who are subscribing or redeeming.

However, it should be noted that the application of anti-dilution mechanisms may not completely cancel out the adverse effects on the Target Fund's net asset value caused by shareholder activity, especially during stressed market conditions. It should also be noted that the Target Fund's short-term performance may experience greater volatility as a result of the anti-dilution mechanisms.

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

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

The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Target Fund and may also cause the Target Fund to sell investments that will continue to perform well.

Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Target Fund will reflect beliefs or values of any particular investor on sustainable investments.

Sustainability risks can manifest themselves in different ways and can lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and thus may materially impact its market price or liquidity.

The results of the assessment of the likely impacts of sustainability risks on the returns of the Target Fund are addressed under the Section "SFDR" in the Target Fund Prospectus.

Key Person Risk
Key person risk refers to the situation where the lead investment manager of the Target Fund is no longer in charge with such consequence that the management of the Target Fund is discontinued. The investment teams of the Target Fund's manager or the Management Company work on an integrated basis so that reliance on any given individual is reduced. Whilst the lead investment manager may be a significant element in the management of the Target Fund, the remaining investment managers within the team, together with a replacement of the lead investment manager (to the extent possible), can continue to manage the Target Fund. However, it may be the case that the largest shareholder or a group of shareholders considers the departure of the lead investment manager as a decisive factor in connection with a possible large redemption. In such case, the Company may

consider the termination of the Target Fund as per the relevant section of the Target Fund Prospectus should such termination be in the best interests of the remaining shareholders of the Target Fund.

4.3.2 Specific Risks of the Target Fund

Equity Risk
The risks associated with investment in equity (and equity-like) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company. Prices of equities fluctuate daily and can be influenced by many micro and macro factors such as political and economic news, corporate earnings reports and catastrophic events. The value of equities will go up and down and the value of the Target Fund investing in equities could incur significant losses.

The Target Fund may invest in initial public offerings. There is a risk that the price of the newly floated share may incur greater volatility as a result of factors such as the absence of an existing public market, non-seasonal transactions, a limited number of securities that can be traded and a lack of information about the issuer.

Small and Medium-Sized Capitalisation Risk
Stocks of small-to medium-sized capitalisation companies often traded on OTC markets may be less liquid than those listed on the major securities exchanges. Consequently, securities of small and even medium-sized cap companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wide spreads between bid and offer prices. The combination of price volatility and the limited liquidity of those markets may have an adverse effect on the investment performance of the Target Fund. Further the risk of bankruptcy or insolvency of many smaller companies is higher than that of larger, “blue chips”, companies.

Fixed Income Securities Risk
The risks associated with investment in bonds or others fixed income securities include credit, liquidity and interest rate risks.

Currency Risk
The Target Fund may be exposed to currency exchange risk. The Target Fund may invest in currencies different from its reference currency. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the reference currency should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the reference currency and such other currency. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments. Some currencies are not freely convertible currency.

Furthermore, the Target Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Target Fund at one rate, while offering a lesser rate of exchange should the Target Fund desire immediately to resell that currency to the dealer. The Target Fund will conduct its currency exchange transactions either on a spot (i.e. cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-reference currency currencies. It is anticipated that most of the Target Fund’s currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or the depositary.

Below Investment Grade Risk and Distressed Securities Risk
Investment in debt securities or associated instruments rated BB or below (following Standard & Poor's, Moody's or equivalent), or of equivalent quality in the opinion of the Target Fund’s manager, can involve additional risks. Securities rated BB or equivalent are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Securities rated lower than B, and in particular distress obligations, are most of the time issued by companies in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special

competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. They are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. The ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the bankruptcy court’s power to disallow, reduce, subordinate, recharacterise debt as equity or disenfranchise particular claims. There is no assurance that value of the assets collateralising the Company's investments will be sufficient or that prospects for a successful reorganisation or similar action will become available. In any reorganisation or liquidation proceeding relating to a company in which the Company invests, the Company may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Company's investments may not compensate the shareholders adequately for the risks assumed.

In addition evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Convertible Securities Risk
Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Target Fund is called for redemption, the Target Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Target Fund.

Commodity Risk
Though the Company is prohibited to make investments in, or enter into transactions involving commodities, commodities contracts, or certificates representing commodities, they may seek to be exposed to commodities via units of UCI, equity securities or index based derivative instruments. Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments and other unforeseeable events. The prices of commodities may be highly volatile.

Financial Derivative Instruments Risk

a. Valuation risk

Many financial derivative instruments, in particular OTC financial derivative instruments, are complex, difficult to value and often valued subjectively and the valuation may only be provided by a limited number of market professionals. The replacement value of an OTC derivative transaction may differ from the liquidation value of such transaction, and the valuations provided by the Target Fund’s counterparty to such transaction may differ from the valuation provided by a third party or the value upon liquidation. A counterparty might cease making a market or quoting prices for some of the instruments. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to the Target Fund.

b. 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.

c. Correlation

Financial derivative instruments do not always perfectly or even highly correlate or track the value of the underlying assets they are designed to track. Consequently, the Target Fund's use of financial derivative instruments techniques may not always be an effective means of, and sometimes could be counter-productive to, following the Target Fund's investment objective.

d. Short exposure

Although the Company may not carry out uncovered sales of transferable securities, the Target Fund may, as part of its investment strategy, use financial derivative instruments to seek short exposure to such transferable securities. The Target Fund may face substantial loss should the price of the transferable securities increase.

e. Leverage

The Target Fund will not use borrowing to purchase additional investments but the Target Fund using financial derivative instruments as part of its investment strategy may be expected to be leveraged (gross market exposure, aggregating both long and synthetic short positions, in excess of net asset value).

While leverage presents opportunities for increasing the Target Fund's total return, it also has the potential of increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Target Fund would be magnified to the extent the Target Fund is leveraged. The cumulative effect of the use of leverage by the Target Fund in a market that moves adversely to the Target Fund's investments could result in a substantial loss to the Target Fund.

f. Counterparty risk (OTC derivative transactions)

The Target Fund may enter into derivatives transactions in OTC markets, which will expose the Target Fund to the credit risk of its counterparties and its inability to satisfy the terms of such contracts as mentioned in the clause of counterparty risk above.

The Target Fund might also be unable to close out when it wishes to end or to enter into an offsetting OTC transaction with respect to an open position, which might adversely affect its performance. The closing-out of an OTC derivative transaction may only be made with the consent of the counterparty to the transaction.

g. Control and monitoring

Financial derivative instruments are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the financial derivative instruments but also of the financial derivative instruments themselves, without the benefit of observing the performance of the financial derivative instruments under all possible market conditions. In particular, the use and complexity of financial derivative instruments require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that financial derivative instruments add to the Target Fund and the ability to forecast the relative price, interest rate or currency rate movements of the underlying assets correctly. There is no guarantee that a particular forecast will be correct or that an investment strategy which deploys financial derivative instruments will be successful.

h. Collateral

Under the terms of the International Swaps and Derivatives Association ("ISDA") Agreements and related Collateral Support Annexes which the Company has with each of its OTC counterparties, the Company and its respective ISDA Counterparties have an obligation to collateralise their exposure to one another on a mark to market basis. Collateral transferred by the Company to its ISDA counterparties is transferred with full legal title.

When managing collateral the Company has received, the following risks may arise:

Operational risk: such risk materializes through operational errors stemming from (i) trading collateral transfer errors caused by the introduction of new processes, lack of controlled and automated technology or (ii) human errors caused by inexperienced staff; it can be amplified depending on the frequency and value of movements relating to collateral exchange.

Liquidity risk: such risk arises as a consequence of collateral calls resulting from abrupt market movements; during periods of heightened market volatility, the counterparty which is under the obligation to post collateral to its contracting party may face difficulties in meeting obligations as they come due.

Counterparty risk: the Target Fund is exposed to the credit risk of the issuer of the collateral as such issuer may fail to discharge an obligation under the security that is part of the collateral.

Custody risk: the collateral is part of the Target Fund's assets held in custody by the depositary and the duly appointed sub-depositary, which exposes the Target Fund to risks of loss associated to the depositary function if the depositary/sub-depositary fails to perform its duties (improper performance) and if the depositary/sub-depositary defaults.

Legal risk: such risk arises when dispositions of contractual arrangements related to OTC derivatives are amended resulting in an alteration of the magnitude of margin calls.

i. Limited recourse

The Company has an umbrella structure with multiple compartments (each compartment being referred to as a fund of the Company). Each fund of the Company, although not a separate legal entity, corresponds to a distinct part of the assets and liabilities of the Company under Luxembourg law, and consequently benefits from limited liability in accordance with the provisions of the Company's constitutive documents and Luxembourg law. When dealing for the account of a specified fund of the Company, the Company will endeavour where possible to obtain a contractual acknowledgement from trading counterparties (each a "Counterparty") that the Company's obligation to that Counterparty will be limited to the assets of the specified fund of the Company and that the Counterparty shall have no recourse to the assets of any other fund of the Company. It may not however always be possible to obtain such an acknowledgement and in the event that (i) a Counterparty holds assets of more than one fund of the Company; and (ii) the courts of the jurisdiction in which the assets are situated do not uphold the Luxembourg principle of limited liability as mentioned above, it is possible that the assets of one of the funds of the Company could be used to satisfy the obligations of another fund of the Company.

j. Options / Warrants

An option is a contract that gives the buyer the right, but not the obligation, to buy (call) or sell (put) the underlying asset at or within a certain point in time in the future at a pre-determined price (strike price) against the payment of a premium, which represent the maximum loss for the buyer of an option.

Options can allow the Target Fund's manager to cost-effectively be able to restrict downsides while enjoying the full upside of a stock, financial index, etc. Long positions in option may be taken to provide insurance against adverse movements in the underlying. Short position may also be taken to enhance total returns and generate income for the Target Fund via premium received. The writing and purchase of options is a specialised activity which can involve substantial risks. If the Target Fund's manager is incorrect in its expectation of changes in the market prices or determination of the correlation between the instruments or indices on which the options are written or purchased and the instruments in the Target Fund's investment portfolio, the Target Fund may incur losses that it would not otherwise incur.

A warrant is a certificate that entitles the holder to buy a specific amount of the underlying security of the issuing company at a pre-determined price until the expiry date, against the payment of a premium. Warrants are very similar to call options but there are some key differences such as, (i) warrants are issued by private parties, typically the corporation on which a warrant is based, (ii) warrants are considered OTC instruments, (iii) warrants are not standardized like exchange-listed options, (iv) warrants can usually not be shorted by investors.

k. Forwards

A forward is a contract whereby two parties agree to exchange the underlying asset at a predetermined point in time in the future at a fixed price. The buyer agrees today to buy a certain asset in the future and the seller agrees to deliver that asset at that point in time. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis.

Forward trading is substantially unregulated; there is no limitation on daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the underlying securities they trade and these markets may experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Target Fund due to unusually high trading volume, political intervention or other factors. In respect of such trading, the Target Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Target Fund.

l. Futures

Futures are standardised forwards traded on an organized exchange. 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. 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.

m. Contract for difference (“CFD”)

A CFD is a contract between two parties that allows them to gain exposure to the economic performance and cash flows of a security without the need for actually buying or selling the security. The two parties agree that the seller will pay the buyer the difference in price after a certain period of time if the designated security’s price increases, and the buyer will in return pay the seller the difference in price if the security’s price decreases. It is linked to the underlying security price. Consequently, no right is acquired or obligation incurred relating to the underlying share.

The Target Fund can take synthetic long or synthetic short positions with a variable margin via CFD. They are highly leveraged instruments and for a small deposit, it is possible for the Target Fund to hold a position much greater than would be possible with a traditional investment. In case of substantial and adverse market movements, the potential exists to lose all of the money originally deposited and to remain liable to pay additional funds immediately to maintain the margin requirement.

n. Swaps (including interest rate swap (“IRS”) and TRS)

In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular pre-determined investments or instruments.

The Target Fund may enter swap transactions with a view to effecting synthetic long and short positions in certain securities, sectors or indices, including commodities indices. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Target Fund’s exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, inflation rates, or other factors such as single equity securities, baskets of equity securities or equity indices. Swap agreements can take many different forms and are known by a variety of names.

An IRS is an agreement to exchange one set of cash flows (perceived as risky, as linked to e.g. a floating interest rate) against another set of cash flows (perceived as stable, as linked to, e.g. a fixed interest rate).

A TRS is an agreement that involves the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset (such as for example an equity), index or basket of assets against the rights to make fixed or floating payments or another equity return.

The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Target Fund. If a swap agreement calls for payments by the Target Fund, the Target Fund must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Target Fund.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms, acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

o. Credit default swaps ("CDS")

A CDS is an agreement in which one party buys protection against losses occurring due to a credit event of a reference entity up to the maturity date of the swap. The protection buyer pays a periodic fee for this protection up to the maturity date, unless a credit event triggers the contingent payment. In the latter case, the buyer of protection only needs to pay the accrued fee up to the day of the credit event. If a credit event occurs, the settlement will be either in cash or physical: (i) Cash settlement: the seller of protection will pay to the buyer of protection the net amount between the nominal value and the market value of the security; (ii) Physical settlement: the buyer of protection will deliver a bond or a loan of the reference entity to the seller of protection and the latter will pay the par value in return. Credit events for CDS are typically: bankruptcy, failure to pay, and restructuring.

The Target Fund can take synthetic long or short positions in certain securities via CDS. The use of CDS may carry a higher risk than investing in bonds directly. A CDS allows the transfer of default risk. CDS can either serve as a substitute for purchasing corporate bonds or they can hedge specific corporate bond exposure or reduce exposure to credit basis risk. If the Target Fund is a buyer and no event of default occurs, the Target Fund will lose its investment and recover nothing. However, if an event of default occurs, the buyer Target Fund will receive the amount above mentioned depending on cash or physical settlement. If the Target Fund is a seller, it will receive a fixed rate of income throughout the term of the contract provided no credit event occurs. In the latter case, the Target Fund will have to pay the amount provided in the contract.

The Target Fund using CDS may, in the case of a credit event, have to accept delivery of non-investment grade bonds issued in a currency other than the reference currency. The delivery of such non-investment-grade bonds in a currency other than the reference currency will not be regarded as a breach of investment policy for the Target Fund which may only be invested in investment-grade-bonds or in bonds issued in the reference currency. The market for CDS may sometimes be more illiquid than bond markets.

Emerging Market Risk

General - In emerging markets, to which the Target Fund may be exposed, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainty both for local market participants and their counterparties. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable. Such risks may include (i) increased risk of nationalisation, expropriation of assets, forced mergers of companies, creation of government monopolies, confiscatory taxation or price controls; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, low trading volumes and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for any major currency and/or restriction on the buying or selling by foreign investors; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in accounting, auditing and financial reporting standards, methods, practices and disclosures which may result in the unavailability or incompleteness or tardiness of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders and (xiv) less formalised procedures for corporate actions (no central source of identification, no formal notification) and proxy voting.

Exchange Rate Fluctuations Risk - In accordance with the investment objective of the Target Fund, the assets will be invested primarily in securities of companies in developing countries and substantially all income will be received by the Target Fund in currencies of such countries. A number of the currencies of developing countries have already experienced and could experience significant declines against the major currencies in recent years and devaluation may occur suddenly. Where possible, hedging strategies will be implemented but they cannot totally eliminate unfavorable currency fluctuations. Some currencies are not freely convertible currencies.

Custody Risk - The Company may also have to utilise local service providers for the safekeeping of the assets and for the execution of securities transactions. Although the Company intends to use only the best-qualified service providers in each of the markets concerned, the choice of providers in some emerging countries may be very limited. These providers may not offer guarantees comparable to those given by firms operating in developed countries. Accordingly, the quality of the services that the Company may obtain with regard to the execution of transactions on securities and their custody may be less reliable.

Settlement and Trading Risk - Settlement systems in emerging markets may be less well organized than in developed markets. Emerging markets may not employ true delivery versus payment. Thus, there may be risks that settlement may be delayed and that cash or securities of the Target Fund may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. Exchanges on emerging markets may not have a settlement guarantee fund in case of temporary securities or cash shortfalls or in the event of a counterparty default or broker malpractice. The Company will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced, but the risk of losses resulting from default cannot be totally eliminated. Some markets may have specific trading restrictions.

Registration of Securities - In some countries, there is no recognition of "nominee" ownership. Registration must be done with the issuer in the final beneficial owner's name.

Regulatory Risk - Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Company are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Company and its operations. In addition, the income and gains of the Target Fund may be subject to withholding taxes imposed by foreign governments for which unitholders may not receive a full foreign tax credit.

Investment and Repatriation Restrictions Risk - Some countries prohibit or impose substantial restrictions on investments by foreign entities. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some developing countries. It may have an adverse impact on the operations of the Target Fund. While the Target Fund will invest only in markets where these restrictions are considered acceptable, new or additional restrictions might be imposed subsequent to the initial investment and thus may restrict the Target Fund's manager's ability to manage effectively such assets and could ultimately result in a substantial loss.

Liquidity Risk - As the Target Fund invests a high proportion of its assets in emerging-market securities which tend to be less liquid than those of developed markets, investors should consider a shareholding in the Target Fund to be a long-term investment and be aware that it may not always be possible to make redemption payments within the usual time frame.

Investment in PRC - The securities markets in the PRC are emerging markets that are undergoing rapid growth and changes. Most PRC laws and regulations governing securities and corporations might be subject to unpredictable changes and development. The effect of such changes can be retrospective and can have an adverse impact on the investments of the Target Fund.

Trading China A-Shares, if contemplated by the Target Fund, will be achieved through the Stock Connect. Stock Connect is still developing and will be open to all investors without the requirement of a licence and there are only limited restrictions relating to, inter alia, settlement currency, locking up the proceeds of sale or delaying repatriation of those proceeds. A particular risk around Stock Connect is the manner in which assets are held as part of the Stock Connect and ensuring proper segregation of those assets. Compared to a clearing system in a non-emerging market, there is a greater risk of assets being lost or being unable to be properly identified as belonging to the Company when utilizing Stock Connect. The Company may commence recourse to Stock Connect for the Target Fund only when it is reasonably satisfied that such trading facility is permissible according to the relevant laws and regulations applicable to the Company. Also, the Target Fund may seek exposure to China A-Shares using market access products such as warrants and participating or "P" notes or other forms of structured products or derivatives with a similar purpose.

Although the above mentioned trading facilities are signs of a greater internationalization of the Renminbi ("RMB") and the liberalization of China's financial markets, it should also be noted that (i) China A-Shares held through Stock Connect directly or via market access products may have limited voting rights and (ii) the RMB is subject to foreign exchange restrictions and is not a fully convertible currency. The exchange rate used for the Target Fund is in relation to the CNH, not the CNY. The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including those mentioned above.

Risks relating to Stock Connect - Under Stock Connect, the Company through its Hong Kong brokers may trade certain SSE Securities. Such trading is subject to the laws and regulations of PRC and Hong Kong and the relevant rules, policies or guidelines issued from time to time.

Segregation and beneficial ownership of SSE Securities - The SSE Securities are held in a nominee account in the name of HKSCC, opened with ChinaClear, which is an omnibus account in which all SSE Securities of the investors of Stock Connect are commingled. The SSE Securities are beneficially owned by the investors (the Target Fund) and are segregated from the own assets of HKSCC.

In addition, the SSE Securities beneficially owned by investors (including the Target Fund) will be segregated in the accounts opened with HKSCC by relevant sub-custodians, and in the accounts opened with the relevant sub-custodians of the Target Fund in the Hong Kong Central Clearing and Settlement System maintained by the HKSCC as the central securities depositary in Hong Kong.

PRC laws suggest that the Target Fund would have beneficial ownership of SSE Securities. It is expressly stipulated in the Several Provisions on the Pilot Programme of Stock Connect (as published by the China Securities Regulatory Commission to prescribe the launch and operation of the Stock Connect) that HKSCC acts as the nominee holder and the Target Fund would own the rights and interests with respect to the SSE Securities. The SEHK has also stated that it is the Target Fund who is the beneficial owner of the SSE Securities.

However, it should be noted that the exact nature and methods of enforcement of the rights and interests of the Target Fund under PRC law is not certain and there have been few cases involving a nominee account structure in the PRC courts.

It should also be noted that as with other clearing systems or central securities depositaries, Stock Connect is not obliged to enforce the rights of the Target Fund in the PRC courts. If the Target Fund wishes to enforce its beneficial ownership rights in the PRC courts, it will need to consider the legal and procedural issues at the relevant time.

Quota limitations - Stock Connect is subject to an aggregate cross-boundary investment quota as well as a daily quota which does not belong to the Target Fund and can only be utilised on a first-come-first-served basis. In particular, once the remaining balance of the Northbound daily quota drops to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Target Fund's ability to invest in SSE Securities through Stock Connect on a timely basis, and the Target Fund may not be able to effectively pursue its investment strategies.

Settlement - The Company will set up arrangements with its Hong Kong brokers and sub-custodian to ensure that cash payment is received against delivery of securities for the trades of the SSE Securities (delivery versus payment settlement). To this end, for the trades of the SSE Securities by the Target Fund, Hong Kong brokers will credit or debit the cash account of the Target Fund on the same day for the settlement of securities, for an amount equal to the funds relating to such trading.

Clearing and settlement risk - HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfill the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should a ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Target Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

No Protection by Investor Compensation Fund - Investment through Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. The Target Fund's investments through Northbound trading under Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the Target Fund is exposed to the risks of default of the broker(s) it engages in its trading in SSE Securities through Stock Connect.

Suspension risk - Both the SEHK and SSE reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Target Fund's ability to access the PRC market will be adversely affected.

Differences in trading day - Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but not for the Hong Kong market, in which case the Target Fund will not be able to access the PRC market via Stock Connect. The Target Fund may be subject to a risk of price fluctuations in SSE Securities during the time when Stock Connect is not trading as a result.

Operational risk - Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in Stock Connect requires routing of orders across the PRC-Hong Kong border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Target Fund's ability to access the SSE Securities market (and hence to pursue its investment objective) will be adversely affected.

Restrictions on selling imposed by front-end monitoring - PRC regulations require that before an investor sells any SSE Securities, there should be sufficient SSE Securities in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. If the Target Fund desires to sell certain SSE Securities it holds, it must transfer those SSE Securities to the respective accounts of its brokers before the market opens on the day of trading. If it fails to meet this deadline, it will not be able to sell those SSE Securities on the trading day. Because of this requirement, the Target Fund may not be able to dispose of holdings of SSE Securities in a timely manner.

Regulatory risk - Stock Connect is novel in nature, and will be subject to regulations circulated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be circulated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be abolished. The Target Fund, which may invest in the PRC markets through Stock Connect, may be adversely affected as a result of such changes.

Taxation risk - On 14 November 2014, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission published the Circular on relevant Tax Treatment for the Pilot Programme of Shanghai-Hong Kong Stock Connect. Such circular provides that funds investing in SSE Securities via Stock Connect are temporarily exempt from income tax on capital gains derived from the transfer of SSE Securities on or after 17 November 2014. Dividends from SSE Securities paid to a fund will continue to be subject to 10% withholding tax which is to be withheld at source. It is possible that any new tax laws and regulations and any new interpretations may be applied retroactively.

CIBM - CIBM is an OTC market where institutional investors trade sovereign, government and corporate bonds on a one-to-one quote-driven basis and accounts for almost all of outstanding bond values of total trading volume in China.

Investors should be aware that trading on the CIBM exposes the Target Fund to certain risks (counterparties risk, liquidity risk, settlement risk).

Settlement risk - There are various transaction settlement methods in the CIBM and although favorable terms are negotiated in the name of the Target Fund, there is no assurance that settlement risks can be eliminated. Where the counterparty fails to perform its obligations under a transaction, the Target Fund will sustain losses.

All bond trades will be settled through ChinaClear. ChinaClear operates under the supervision of the relevant Chinese authorities.

If a participant defaults in payment of any sum payable to ChinaClear, the latter has the power to apply the funds available towards the satisfaction of any amount due to ChinaClear either from (i) cash collateral provided by the defaulting participant; (ii) cash held in the joint guarantee fund contributed by the defaulting participant; or (iii) cash generated by the sale of securities. The defaulting party will be responsible for the expenses and any price differences resulting from the sale of the securities.
If a participant defaults in delivering securities, ChinaClear is entitled to delay the payment due to the delivering participant until the outstanding obligation is satisfied. In addition, ChinaClear may apply all or any securities (in lieu of the securities that are the subject of the delivery obligations) from the following sources to satisfy the obligations and liabilities of such participant to ChinaClear:

i) securities furnished by the defaulting party;
ii) securities purchased using the funds in the designated escrow account; or
iii) securities available to ChinaClear from other alternative sources.

Although ChinaClear is due to deliver payment and securities to delivering participant and receiving participants, respectively, a delay may occur if either party fails to fulfil its payment or delivery obligation.

PRC has undertaken the liberalization to its financial markets by proposing or facilitating the access to several investment programs. Further to a revision in 2016, access to CIBM has been facilitated (“CIBM Facilitated Access”). Foreign institutional investors may invest, without particular license or quota, directly in RMB fixed income securities dealt on the CIBM via an onshore bond settlement agent (the “Bond Settlement Agent”), which has the responsibility for making the relevant filings and account opening with the relevant PRC authorities in particular the People's Bank of China (the “PBOC”).

The CIBM Facilitated Access rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the CIBM Facilitated Access rules and regulations will not be abolished in the future. The Target Fund, which invests in the PRC markets through the CIBM Facilitated Access, may be adversely affected as a result of any such changes or abolition.

Restrictions to Remittances and Repatriations Risk - Foreign investors (such as the Target Fund) may remit investment principal in RMB or foreign currency into the PRC for investing in the CIBM under the CIBM Facilitated Access. The Target Fund using the CIBM Facilitated Access will need to remit investment principal matching at least 50 % of its anticipated investment size within nine (9) months after filing with the PBOC, or else an updated filing will need to be made through the onshore Bond Settlement Agent. Where the Target Fund repatriates funds out of the PRC, the ratio of RMB to foreign currency (“Currency Ratio”) should generally match the original Currency Ratio when the investment principal was remitted into PRC, with a permissible deviation of 10%. However, to the extent an outward repatriation is in the same currency as the inward remittance the Currency Ratio restriction will not apply.

Certain restrictions may be imposed by the PRC authorities on investors participating in the CIBM Facilitated Access and/or the Bond Settlement Agent which may have an adverse effect on the Target Fund’s liquidity and performance. Repatriations conducted in RMB are currently permitted daily and are not subject to repatriation restrictions (such as lock-up periods) or prior approval, although authenticity and compliance reviews will be conducted, and reports on remittances and repatriations will be submitted to the relevant PRC authorities by the Bond Settlement Agent. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Furthermore, as the Bond Settlement Agent's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Bond Settlement Agent in case of non-compliance with the CIBM Facilitated Access rules and regulations. Any restrictions imposed in the future by the PRC authorities, or rejection or delay by the Bond Settlement Agent, on repatriation of the invested capital and net profits may impact on the Target Fund's ability to meet redemption requests from the shareholders. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Target Fund's manager's control.

Securities and cash accounts – Beneficial ownership of RMB securities acquired through CIBM Facilitated Access has been acknowledged in documentation released by the PBOC and PRC authorities. Beneficial ownership is however an untested concept in the PRC. Investors should note that cash deposited in the cash account of the Target Fund with the Bond Settlement Agent will not be segregated but will be a debt owing from the Bond Settlement Agent to the Target Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Bond Settlement Agent. In the event of bankruptcy or liquidation of the Bond Settlement Agent, the Target Fund will not have any proprietary rights to the cash deposited in such cash account, and the Target Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the Bond Settlement Agent. The Target Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Target Fund will suffer losses.

Bond Settlement Agent Risk - There is a risk that the Target Fund may suffer losses, whether direct or consequential, from: (i) the acts or omissions in the settlement of any transaction or in the transfer of funds or securities by the Bond Settlement Agent; or (ii) the default or bankruptcy of the Bond Settlement Agent; or (iii) the disqualification of the Bond Settlement Agent from acting in such capacity either on a temporary or permanent basis. Such acts, omissions, default or disqualification may also adversely affect the Target Fund in implementing its investment strategy or disrupt the operations of the Target Fund, including causing delays in the settlement of any transaction or the transfer of any funds or securities in the PRC or in recovering assets, which may in turn adversely impact the net asset value of the Target Fund.

In addition, the PBOC is vested with the power to impose regulatory sanctions if the Bond Settlement Agent violates any provision of the CIBM Facilitated Access rules. Such sanctions may adversely impact on the investment by the Target Fund through the CIBM Facilitated Access.

Risks associated with Bond Connect

Overview of the Bond Connect

Bond Connect is a mutual bond market access between Hong Kong and mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and SEHK and Central Moneymarkets Unit. China bond market primarily consists of CIBM. Eligible foreign investors can invest in the CIBM under the northbound trading of Bond Connect ("Northbound Trading"). Northbound Trading will follow the current policy framework for overseas participation in the CIBM. There will be no investment quota for Northbound Trading.

Under the prevailing regulations in mainland China, eligible foreign investors who wish to invest in the CIBM via Bond Connect may do so via an offshore custody agent approved by the Hong Kong Monetary Authority, who will be responsible for the account opening with the relevant onshore custody agent approved by PBOC.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Target Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Target Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Target Fund transacts in the CIBM, the Target Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Target Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Since the account opening for investment in the CIBM via Bond Connect has to be carried out via an offshore custody agent, the Target Fund is subject to the risks of default or errors on the part of the offshore custody agent.

Bond Connect is subject to regulatory risks. The relevant rules and regulations on investment via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Chinese authorities suspend account opening or trading via Bond Connect, the Target Fund's ability to invest in CIBM will be limited and, may have an adverse effect on the Target Fund's performance as the Target Fund may be required to dispose of its CIBM holdings. The Target Fund may also suffer substantial losses as a result.

There is no specific written guidance 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. Also it is possible that any new tax laws and regulations and any new interpretations may be applied retroactively.

Risks associated with Qualified Foreign Institutional Investor ("QFI") regime
In addition to the risks set out above "Investments in the PRC" the following additional risks apply.

QFI Risk. The application and interpretation of the regulations which regulate investments through QFI regime in the PRC are subject to change and there is no certainty as to how they will be consistently applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. Any possible restrictions on repatriation imposed in respect of the relevant investments through the QFI regime may have an adverse effect on the Target Fund's ability to meet redemption requests. Any change in the QFI regime generally, including the possibility of the QFI-investment manager losing its QFI status, may affect the Target Fund's ability to invest in eligible securities in the PRC directly through the relevant QFI. In addition, should the QFI status be suspended or revoked, the Target Fund's performance may be adversely affected as the Target Fund may be required to dispose of its QFI eligible securities holdings. The applicable laws, rules and regulations on QFI are subject to change and such change may have potential retrospective effects.

QFI Investment Restrictions Risk. Although the QFI does not anticipate that QFI investment restrictions will impact on the ability of the Target Fund to achieve its investment objective, investors should note that the relevant PRC laws and regulations may limit the ability of a QFI to acquire securities in certain PRC issuers from time to time and may force the Target Fund to dispose of its securities, thus affecting its capacity in making investments in PRC. Trading of China securities may be impacted by any temporary or permanent suspensions imposed from time to time by the Shanghai and/or Shenzhen stock exchanges or pursuant to any regulatory or governmental intervention with respect to particular investments or the markets generally. Any such suspension or corporate action may make it impossible for the Target Fund to acquire or liquidate positions in the relevant securities as part of the general management and periodic adjustment of the Target Fund's investments through the QFI or to meet redemption requests. Such circumstances may also make it difficult for the net asset value of the Target Fund to be determined and may expose the Target Fund to losses. In order to mitigate the effects of extreme volatility in the market price of securities, the Shanghai and Shenzhen stock exchanges currently limit the amount of fluctuation permitted in the prices of securities during a single trading day. The daily limit represents the maximum amount that the price of a security (during the current trading session) may vary either up or down from the previous day's settlement price. The daily limit governs only price movements and does not restrict trading within the relevant limit. However, the limit does not limit potential losses because the limit may work to prevent a liquidation of any relevant securities at the fair or probable realisation value for such securities which means that the Target Fund may be unable to dispose of unfavourable positions. There can be no assurance that a liquid market on an exchange would exist for any particular security or for any particular time.

Counterparty Risk. Any assets acquired through the QFI regime will be maintained by a local custodian pursuant to the PRC regulations, in electronic form via the QFI securities account(s) and any cash will be held in RMB cash account(s) with the local custodian. Whilst the assets held in such accounts are segregated and held separately and belong solely to the Target Fund, it is possible that the judicial and regulatory authorities in the PRC may interpret this position differently in the future. The Target Fund may also incur losses due to the acts or omissions of the local custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Cash held by the local custodian in the RMB cash account(s) will not be segregated in practice but will be a debt owing from the local custodian to the Target Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the local custodian. In the event of insolvency of the local custodian, the Target Fund will not have any proprietary rights to the cash deposited in the cash account opened with the local custodian, and the Target Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the local custodian. The Target Fund may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Target Fund will lose some or all of its cash.

Counterparty Risk to PRC broker(s). The QFI-investment manager selects brokers in the PRC ("PRC Broker(s)") to execute transactions for the Target Fund in markets in the PRC. There is a possibility that the QFI-investment manager may only appoint one PRC Broker in respect of each stock exchange in the PRC as a result of the requirement in the PRC that securities are sold through the same PRC Broker through which they were originally purchased. If, for any reason, the QFI-investment manager is unable to use the relevant broker in the PRC, the operation of the Target Fund may be adversely affected. The Target Fund may also incur losses due to the acts or omissions of any of the PRC Broker(s) in the execution or settlement of any transaction or in the transfer of any funds or securities. If a single PRC Broker is appointed, the Target Fund may not pay the lowest commission available in the market. However, the QFI-investment manager shall, in the selection of PRC Brokers, have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. There is a risk that the Target Fund may suffer losses from the default, insolvency or disqualification of a PRC Broker. In such event, the Target Fund may be adversely affected in the execution of transactions through such PRC Broker. As a result, the net asset value of the Target Fund may also be adversely affected. To mitigate the Company's exposure to the PRC Broker(s), the QFI-investment manager employs specific procedures to ensure that each PRC Broker selected is a reputable institution and that the credit risk is acceptable to the Company.

Remittance and Repatriation of RMB Risk. Repatriations of RMB are currently not subject to, any lock-up periods or prior regulatory approval; although authenticity and compliance reviews will be conducted and monthly reports on remittances and repatriations will be submitted to the State Administration of Foreign Exchange of the PRC by the local custodian. The repatriation process may be subject to certain requirements set out in the relevant regulations (e.g. submission of certain documents when repatriating the realised cumulative profits). Completion of the repatriation process may be subject to delay. There is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may be applied retroactively. Any restrictions on repatriation imposed in respect of the Target Fund's cash may have an adverse effect on the Target Fund's ability to meet redemption requests. Furthermore, as the local custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the local custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming shareholder as soon as practicable and after the completion of the repatriation of funds concerned. The actual time required for the completion of the relevant repatriation will be beyond the QFI-investment manager's control.

Model Risk
The Target Fund which applies systematic process or strategies, rely for its management process on models based to a varying extent on past market conditions. Given the uncertainty of the future, these models may not necessarily capture the risk they were designed and expected to capture and hence could signal erroneous investment opportunities.

4.4. Investment Restrictions and Guidelines of the Target Fund

4.4.1 Eligible Assets

The Company may only invest in:

Transferable Securities and Money Market Instruments

i) transferable securities and money market instruments admitted to an official listing; and/or

ii) transferable securities and money market instruments dealt in a regulated market; and/or

iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to an official listing or a regulated market and such admission is achieved within a year of the issue;

iv) money market instruments other than those admitted to an official listing or dealt in on a regulated market, which are liquid and whose value can be determined with precision at any time, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:

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

- issued by an undertaking, any securities of which are admitted to an official listing or dealt in on regulated markets referred to in items (i) and (ii) above, or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Commission de Surveillance du Secteur Financier (the "CSSF") to be at least as stringent as those laid down by Community law such as a credit institution which has its registered office in a country which is an OECD member state and a Financial Action Task Force ("FATF") state, or

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

The Company may also invest in transferable securities and money market instruments other than those referred to in items (i) to (iv) above provided that the total of such investment shall not exceed 10% of the net assets attributable to the Target Fund.

Units of UCITS and UCIs

v) units of UCITS authorized according to the UCITS Directive and/or other UCIs within the meaning of article 1, paragraph (2), letters (a) and (b) of the UCITS Directive should they be situated in a Member State or not, provided that:

- such other UCIs are authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured, such as UCIs which have been authorized under the laws of any Member State or under the laws of Canada, Hong Kong, Jersey, Japan, Norway, Switzerland or the U.S.;

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

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

- no more than 10% of the UCITS' or the other UCIs' assets (or of the assets of the Target Fund), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs.

In accordance with article 46 (3) of the 2010 Law, no subscription or redemption fees may be charged to the Company if the Company invests in target sub-funds or in units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or voting rights.

Under the conditions set forth by the Luxembourg laws and regulations, the Target Fund may subscribe, acquire and/or hold shares of a fund of the Company provided that:

- the fund of the Company does not, in turn, invest in the Target Fund invested in this fund of the Company; and

- pursuant to the investment restrictions and policy of the fund of the Company, the fund of the Company whose acquisition is contemplated may not invest in aggregate more than 10% of its assets in shares of other UCITS or UCIs, including another fund of the Company; and

- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Target Fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and

- in any event, for as long as these securities are held by the Company, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

Deposits with Credit Institutions

(vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered seat in a Member State or, if the registered seat of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law such as a credit institution which has its registered office in a country which is an OECD member state and a FATF state;

Financial Derivative Instruments

(vii) financial derivative instruments, including equivalent cash-settled instruments, admitted to an official listing or dealt in on a regulated market referred to in items (i) and (ii) above; and/or OTC derivatives, provided that:

- the underlying consists of instruments described in sub-paragraphs (i) to (vi), financial indices, interest rates, foreign exchange rates, or currencies, in which the Target Fund may invest in accordance with its investment policies,

- the counterparties to OTC derivative transactions are only first-class counterparties that are internationally recognized financial institutions. Counterparties may not, as a rule and unless the Board resolve otherwise, have a credit rating below BBB-. Counterparties are domiciled in an OECD member state and specialized in OTC derivatives. When selecting counterparties, in addition to an analysis of credit quality and other financial aspects (including qualitative and quantitative criteria), the following criteria are taken into account: market share or specific potential, market knowledge and organization (front, collateral management, back office),

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative, and
- collateral received in respect of OTC derivatives consists of cash in USD, British Pound Sterling, EUR and Swiss Franc and of debt obligations issued by a governmental entity of a Member State or an OECD member state adjusted by the applicable margin in accordance with the table below (the "Haircut"):

	Haircut applicable to collateral received in respect of OTC derivatives
Cash	0%
Debt obligations	0.75% to 10% according to the maturity of the debt obligation (i.e. the longer the maturity, the higher is the applicable haircut) and to the robustness of its issuer.

- Collateral received, including cash, will not be sold, reinvested or pledged.

The collateral transferred to the Target Fund in the context of the activities described in this section are held by the depositary or a sub-custodian of the depositary for which the custody of the collateral has been delegated under the responsibility of the depositary.

Securities collateral is diversified to ensure that a maximum exposure to a given issuer is limited to 20% of the assets. By way of derogation, the Company may be fully collateralized in securities issued or guaranteed by a Member State, one or more of its local authorities, a member state of the OECD or of the Group of Twenty established in September 1999 ("G20") or Singapore or by public international bodies of which one or more Member States are members.

Bonds received as collateral must have a maturity of less than 20 years.

The Company shall only accept highly liquid assets with not less than a daily liquidity.

Counterparties are not allowed to deliver securities (such as equities and bonds) issued by themselves or any of their subsidiaries.

The exchange of collateral is controlled and organised daily based of the exposure to OTC derivative transactions versus the valuation of the collateral adjusted by margins. Collateral is valued on a daily basis based on the mark-to-market method. All revenues arising from the activities mentioned above, net of direct and indirect operational costs, must be returned to the Company.

Categories of Financial Derivative Instruments

The Company may use all the financial derivative instruments authorized by the Luxembourg law or by circulars issued by the CSSF and in particular, but not exclusively, the following financial derivative instruments:

- financial derivative instruments linked to equity such as call and put options, spread options, CFD, swaps or futures contracts on securities, derivatives on equity indices, baskets or any kind of financial instruments;

- financial derivative instruments linked to commodity indices;

- financial derivative instruments linked to currency fluctuations such as forward currency contracts or call and put options on currencies, currency swaps or forward foreign exchange transactions;

- financial derivative instruments linked to interest rate risks ("Interest rate derivatives") such as call and put options on interest rates, IRS, forward rate agreements, interest rate futures contracts, swaptions whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (e.g. where future rates are set in relation to a benchmark), caps and floors whereby the seller agrees to compensate the buyer if interest rates rise above, respectively fall below a pre-agreed strike rate on pre-agreed dates during the life of the agreement in exchange of an up front premium. It should be noted that the Target Fund using Interest rate derivatives as part of its investment strategy may have a negative duration;

- financial derivative instruments related to credit risks ("Credit derivatives"), such as credit spread derivatives, CDS or TRS. Credit derivatives are designed to isolate and transfer the credit risk associated with a particular reference asset such as credit spread derivatives in which the payments may be made either by the buyer or the seller of the protection based on the relative credit value of two or more reference assets, or such as CDS whereby one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for their par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as a downgrading of the rating assigned by a rating agency, bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due. The Target Fund using financial derivative instruments as part of its investment strategy may enter, as buyer or seller of protection, into CDS transactions on eligible assets, including on financial instruments having one or several characteristics of those eligible assets, provided that such transactions are either cash settled or result in the delivery, to the Target Fund, of eligible assets when a credit event occurs. In a TRS, the buyer makes a regular payment at a variable rate, in return for all the results relating to a notional amount of a particular reference asset (coupons, interest payments, change in asset value) which accrue over a period of time agreed with the seller. The seller "transfers" to the buyer the economic performance of the reference asset, but remains the owner of the asset. Credit derivatives can carry a higher risk than direct investment in bonds. The market for Credit derivatives may sometimes be more illiquid than bond markets;

- financial derivative instruments linked to inflation such as inflation swaps and call and put options based on inflation and inflation swaps. Inflation swaps are derivatives whereby one party pays (or receives) a fixed payment based on expected inflation in return for the receipt (or payment) of a variable payment based on the actual realized inflation rate over the life of the instrument;

- financial derivative instruments linked to volatility such as volatility swaps and call and put options based on volatility and volatility swaps. Volatility swaps are derivatives whereby one party pays (or receives) a fixed payment in return for the receipt (or payment) of a variable payment based on the realized volatility of the underlying product (exchange rate, interest rate, stock index,...) over the life of the instrument.

Strategies used for financial derivative transactions

Financial derivative transactions may be used for one of the following strategies: for hedging purposes of the investment positions, for EPM or as part of the investment strategy of the Target Fund.

Transactions on derivatives entered into for hedging purposes aim to protect portfolios against market movements, credit risks, currency fluctuations, inflation risks and interest rate risks. Hedging presupposes the existence of a relation between the underlying financial instrument of the derivative and the financial instrument to be hedged.

In order to be considered for EPM, transactions on derivatives must be entered into for one or more of the following specific aims: reduction of risk, reduction of cost, or generation of additional capital or income for the Target Fund with an appropriate level of risk, taking into account the risk profile of the Target Fund. Transactions entered into for EPM must be economically appropriate, which implies that they are realized in a cost-effective way. The following are some examples of financial derivative transactions entered into for EPM:

- buying of call options or selling of put options on indices, for the Target Fund holding cash and cash equivalents on a temporary basis, pending investments, provided such indices comply with the conditions mentioned in paragraph 4.2(f) of the Target Fund Prospectus and the exposure to the underlying indices does not exceed the value of the cash and cash equivalents pending investment;

- replacing, on a temporary basis and for fiscal or other economical reasons, direct investments in securities by derivative exposure to the same securities;

- proxy hedging of the reference currency used to reduce the currency exposure of an investment towards a currency which is sufficiently correlated with the reference currency, provided that direct hedging against the reference currency is not possible or less advantageous for the Target Fund. Two currencies are sufficiently correlated (i) if they belong to the same monetary union, or (ii) if they are scheduled to belong to the same monetary union, or (iii) if one of the currencies is part of a currency basket against which the central bank for the other currency explicitly manages its currency within a band or corridor that is either stable or sloping at a predetermined rate, or (iv) if in the opinion of the Target Fund's manager the currencies are deemed to be sufficiently correlated;

- proxy hedging of a currency of investment of the Target Fund used to reduce the currency exposure of an investment towards the reference currency whereby the Target Fund sells a currency which is sufficiently correlated to the currency of investment, provided that direct hedging of the currency of investment is not possible or less advantageous for the Target Fund;

- cross hedging of two currencies of investment whereby the Target Fund sells one of the currencies of investment and purchases another currency pending investment in that currency, maintaining the total exposure of the reference currency unchanged.

Transactions on derivatives entered neither for hedging purposes nor for EPM may be used as part of the investment strategy. However, this has to be mentioned in the description of the Target Fund and is always subject to the limits permitted by the investment restrictions. The use of financial derivative instruments as part of the investment strategy may result in a higher level of leverage and increase the overall risk exposure (i.e. the total exposure on derivatives, portfolio and other assets) of the Target Fund and the volatility of its net asset value.

4.4.2 Investment Limits Applicable to Eligible Assets of the Target Fund

The following limits are applicable to the eligible assets mentioned above:

Transferable Securities and Money Market Instruments

a) The Company will invest no more than 10% of the net assets of the Target Fund in transferable securities or money market instruments issued by the same issuer.

b) Moreover, where the Company, on behalf of the Target Fund, holds investments in transferable securities or money market instruments of any issuing body which by issuer exceed 5% of the net assets of the Target Fund, the total of all such investments must not account for more than 40% of the total net assets of the Target Fund.

c) The limit of 10% laid down in sub-paragraph (a) above may be increased to a maximum of 35% in respect of transferable securities and money market instruments which are issued or guaranteed by a Member State, by its local authorities, by another member state of the OECD or of the G20 or Singapore or by public international bodies of which one or more Member States are members; such securities need not be included in the calculation of the limit of 40% stated in sub-paragraph (b).

d) Notwithstanding the limits set forth under sub-paragraphs (a) and (c) above, the Target Fund is authorized to invest in accordance with the principle of risk spreading, up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by an OECD member state, Singapore or any member state of the G20 or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues, and (ii) the securities from any one issue do not account for more than 30% of the net assets of the Target Fund.

e) The limit of 10% laid down in sub-paragraph (a) above may be increased to a maximum of 25% in respect of certain debt securities if they are issued by credit institutions having their registered office in a Member State and which are subject, by law, to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested pursuant to the law in assets which, during the whole period of validity of such debt securities, are capable of covering claims attaching to the debt securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

Such debt securities need not be included in the calculation of the limit of 40% stated in sub-paragraph (b). But where the Company, on behalf of the Target Fund, holds investments in such debt securities of any issuing body which individually exceed 5% of the net assets of the Target Fund, the total of all such investments must not account for more than 80% of the total net assets of the Target Fund.

Units of UCITS and UCIs

g) The Company may invest up to 20% of the net assets of the Target Fund in securities of a same UCITS or other UCI.

For the purpose of this provision, each sub-fund of a UCITS or other UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

Investments in other UCIs may not exceed 30% of the Target Fund's net assets.

The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of applying the investment limitations.

Deposits with Credit Institutions

h) The Company may not invest more than 20% of the net assets of the Target Fund in deposits made with the same body.

Financial Derivative Instruments

i) Counterparty risk exposure

The risk exposure to a counterparty of the Company in an OTC derivative transaction may not exceed 10% of the net assets of the Target Fund when the counterparty is a credit institution referred to above in sub-paragraph 4.4.1 (vi) or 5% of its net assets in other cases and shall be combined with the risk exposure to a counterparty of the Company in an EPM technique. Embedded derivatives of SFIs will not be taken into account when calculating the risk exposure to a counterparty, except if the issuer of the SFIs is allowed to pass the counterparty risk of underlying derivatives to the Company.

j) Global exposure relating to financial derivative instruments

To calculate the Target Fund's global exposure, the Company will apply the absolute Value at Risk ("VaR") approach.

Under the absolute VaR approach, the Company will ensure that the absolute VaR of the Target Fund is not greater than 20% of its total net assets. The VaR is a statistical methodology that predicts the maximum potential loss that the Target Fund could make, calculated to a certain confidence level.

k) Concentration limits

The global exposure of the underlying assets shall not exceed the investment limits laid down under sub-paragraphs (a), (b), (c), (e), (h), (i), (n) and (o). The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs (a), (b), (c), (e), (h), (i), (n) and (o).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

l) Expected leverage

As required by CSSF, the expected leverage is disclosed for the Target Fund following the VaR approach in relation to the Target Fund. The leverage is defined as the sum of the absolute value of the notionals of the financial derivative instruments held in the Target Fund's portfolio (excluding the investment portfolio) divided by its total net assets. Shareholders should note that the sum of notional calculation methodology does not take into account any netting and hedging arrangements the Target Fund may have in place. In addition they should note that leverage per se is not an accurate risk indicator. A higher degree of leverage does not necessarily imply a higher degree of risk (whether market credit or liquidity risks). Therefore, in their assessment of risk, investors should, not focus solely on leverage but also consider other meaningful risk measures such as the global exposure as referred to in paragraph (j) above. Investors should note that the leverage can exceed expected leverage in relation to the Target Fund.

m) Sales of financial derivative instruments with physical delivery or cash settlement

The Target Fund may not carry out uncovered sales of financial derivative instruments.

When the derivative provides, either automatically or at the counterpart's choice, for physical delivery of the underlying financial instrument on maturity or exercise, and provided that physical delivery is common practice on the instrument concerned, the Target Fund must hold this underlying financial instrument as cover in its portfolio.

In cases where the underlying financial instrument of a financial derivative instrument is highly liquid, the Target Fund is allowed to hold exceptionally other liquid assets as cover provided that they can be used at any time to purchase the underlying financial instrument to be delivered and that the additional market risk which is associated with that type of transaction is adequately measured.

Where the financial derivative instrument is cash-settled either automatically or at the Company's discretion, the Target Fund is allowed not to hold the specific underlying instrument as cover. In this case, the following categories of instruments constitute an acceptable cover:

- cash;
- liquid debt instruments with appropriate safeguards (in particular, haircuts);
- other highly liquid assets, such as, but not limited to, shares of companies admitted to official listing on a stock exchange or dealt in a regulated market, recognized by the CSSF in consideration of their correlation with the underlying of the financial derivative instrument, subject to appropriate safeguards.

Are considered as "liquid" those instruments which can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market. This cash amount must be at the Target Fund's disposal at the maturity/expiry or exercise date of the financial derivative instrument.

Maximum Exposure to a Single Body

n) The Company may not combine:

- investments in transferable securities or money market instruments issued by a single body and subject to the 10% limit by body mentioned in sub-paragraph (a); and/or
- deposits made with the same body and subject to the limit mentioned in sub-paragraph (h); and/or
-
- exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (i)

in excess of 20% of the net assets of the Target Fund.

The Company may not combine:

- investments in transferable securities or money market instruments issued by a single body and subject to the 35% limit by body mentioned in sub-paragraph (c); and/or
- investments in certain debt securities issued by the same body and subject to the 25% limit by body mentioned in sub-paragraph (e); and/or
- deposits made with the same body and subject to the 20% limit by body mentioned in sub-paragraph (h); and/or
- exposures arising from OTC derivative transactions undertaken with the same body and subject to the 10% respectively 5% limits by body mentioned in sub-paragraph (i)

in excess of 35% of the net assets of the Target Fund.

Eligible Assets Issued by the Same Group

o) Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC or in accordance with recognized international accounting rules, are regarded as a single body for the purposes of calculating the investment limits mentioned in sub-paragraph (a), (b), (c), (e), (h), (i) and (n).

p) The Company may cumulatively invest up to 20% of the net assets of the Target Fund in transferable securities and/or money market instruments within the same group.

Acquisition Limits by Issuer of Eligible Assets

q) The Company will not:

- acquire shares carrying voting rights which would enable the Company to take legal or management control or to exercise significant influence over the management of the issuing body;

- own in any one fund of the Company or the Company as a whole, more than 10% of the non-voting shares of any issuer;

- own in any one fund of the Company or the Company as a whole, more than 10% of the debt securities of any issuer;

- own in any one fund of the Company or the Company as a whole, more than 10% of the money market instruments of any issuer;

- own in any one fund of the Company or the Company as a whole, (i) more than 25% of the units of the same UCITS or other UCI (all sub-funds thereof combined) or (ii) more than 25% of the units of any one sub-fund comprising the UCITS or other UCI with an umbrella structure.

The limits mentioned under third, fourth and fifth indents above may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of money market instruments or of UCITS/UCI or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above do not apply in respect of:

- transferable securities and money market instruments issued or guaranteed by a Member State or by its local authorities;

- transferable securities and money market instruments issued or guaranteed by any other eligible state which is not a Member State;

- transferable securities and money market instruments issued or guaranteed by a public international body of which one or more Member State(s) are member(s);

- shares in the capital of a company which is incorporated under or organized pursuant to the laws of a state which is not a Member State provided that (i) such company invests its assets principally in securities issued by issuers of the state, (ii) pursuant to the law of that state a participation by the Target Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that state, and (iii) such Company observes in its investments policy the restrictions referred in the Target Fund Prospectus;

- shares held by one or more investment companies in the capital of subsidiaries companies which, exclusively on its or their behalf carry on only the business of management, advice, or marketing in the country where the subsidiary is located, in regard to the redemption of units at the request of unitholders.

If the limits in paragraph 4.4.2 are exceeded for reasons beyond the control of the Company or as a result of redemption requests for shares or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

4.4.3 Liquid Assets

The Target Fund's holding of cash and cash equivalents may comprise ancillary liquid assets which are bank deposits at sight, such as cash held in current accounts with a bank accessible at any time.

Ancillary liquid assets are used to cover current or exceptional payments or for the time necessary to reinvest in eligible assets under article 41(1) of the 2010 Law or for a period strictly necessary in case of unfavorable market conditions.

The holding of ancillary liquid is in principle limited to 20% of the net assets of the Target Fund but can be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the best interests of shareholders.

4.5. Unauthorized Investments of the Target Fund

The Company will not:

(i) make investments in, or enter into transactions involving, precious metals and certificates involving these, commodities, commodities contracts, or certificates representing commodities;

(ii) purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;

(iii) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 4.4.1 (iv), (v) and (vii); provided that this restriction shall not prevent the Company from making deposits or carrying out other accounts in connection with financial derivative instruments, permitted within the limits referred to above; provided further that exposure resulting from financial derivative instruments may be covered as mentioned in sub-paragraph 4.4.2 (k);

(iv) make loans to, or act as a guarantor on behalf of third parties, provided that for the purpose of this restriction i) the acquisition of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 4.4.1 (iv), (v) and (vii), in fully or partly paid form and ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan;

(v) borrow for the account of the Target Fund amounts in excess of 10% of the total net assets of the Target Fund taken at market value, any such borrowing to be from a bank and to be effected only as a temporary measure for extraordinary purposes including the redemption of shares. However, the Company may acquire for the account of the Target Fund foreign currency by way of a back-to-back loan.

The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the shares are marketed.

4.6. Risk Management Procedure of the Target Fund

In accordance with CSSF Regulation 10-4, Committee of European Securities Regulator’s Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS dated 28 July 2010 and CSSF Circular 11/512, the Management Company employs a risk management process which enables it 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 Management Company employs, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instrument.

4.7. Fees Charged by the Target Fund

Minimum initial investment	Swiss Franc 1million or equivalent
Maximum fixed rate of operational costs	0.24%
Maximum management fee	1.00%
Maximum distribution fee	N/A
Maximum level of management fees when the Target Fund invests its assets in other UCITS or UCIs or fund of the Company	Up to 3.50%
Dealing charge	Up to 3.00%

This Information Memorandum describes the features of the Target Fund in accordance with the Target Fund Prospectus and we recommend that this Information Memorandum should be read in conjunction with the Target Fund Prospectus. We take all reasonable efforts to ensure the accuracy of the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the Management Company. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Target Fund Prospectus, the Target Fund Prospectus shall prevail.

5. FEES, CHARGES AND EXPENSES

5.1. Charges Directly Incurred on Sale and Redemption of Units

5.1.1. Sales Charge^

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of the Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund. The Manager imposes a sales charge of up to 6.00% of the NAV per Unit of each Class. Sales charge is rounded to the nearest two (2) decimal places.

Illustration on how sales charge is calculated for EUR Class:

Assuming an investor makes an investment of EUR10,000.00 in the EUR Class and that the NAV per Unit of the EUR Class at the end of the Business Day is EUR1.0000. If the sales charge is 6.00%, then the computation of the sales charge will be as follows:

Sales charge	=	Sales charge x amount invested
	=	6.00% x EUR10,000.00
	=	EUR600.00

5.1.2. Redemption Charge^

A redemption charge may be incurred by a Unit holder when the Unit holder redeems Units in the Fund. A redemption charge (if any) is levied upon the redemption proceeds and rounded to the nearest two (2) decimal places.

There is NO redemption charge imposed by the Manager for redemption of Units for this Fund.

Illustration on how redemption charge is calculated for EUR Class:

Assuming an investor intends to redeem 20,000 Units of his investment in the EUR Class, and the NAV per Unit of the EUR Class at the end of the Business Day is EUR1.0000. Since there is no redemption charge imposed by the Manager for the Fund, then the computation of the redemption charge is as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit
	=	20,000 Units x EUR1.0000
	=	EUR20,000.00
Redemption charge	=	Redemption charge x redemption proceeds
	=	0% x EUR20,000.00
	=	EUR0.00
Net redemption proceeds	=	EUR20,000.00 – EUR0.00
	=	EUR20,000.00

5.2. Fees Indirectly Incurred on Investment in the Fund

5.2.1. Annual Management Fee^

The annual management fee** is up to 1.80% per annum of the Fund’s NAV. The management fee is calculated using the Base Currency and accrued on a daily basis before deducting the Manager’s fee and Trustee’s fee for that day.

The total management fee charged will be inclusive of the management fee chargeable by the Target Fund. There will be no double charging of the management fee.

Illustration on how annual management fee is calculated for EUR Class:

Assuming the daily NAV of the EUR Class at the valuation point for a particular valuation day is EUR90,000,000.00, then the management fee of the EUR Class for that particular valuation day is calculated as below:

$$\frac{\text{EUR}90{,}000{,}000.00 \times 1.80\%}{365 \text{ days}^{*}} = \text{EUR}4{,}438.36 \text{ (daily)}$$

Therefore, total management fee for the EUR Class for that particular valuation day will be:

= EUR4,438.36

Notes:
* *In the event of a leap year, the annual management fee will be divided by 366 days.*
*** The Manager will publish the current annual management fee being charged on the website at www.hlam.com.my.*

5.2.2. Annual Trustee Fee^

The annual trustee fee** is calculated using the Base Currency and accrued on a daily basis based on the NAV of the Fund at the rate of up to 0.055% per annum of the Fund's NAV, subject to a minimum fee of RM12,000.00 per annum (excluding foreign custodian fees and charges, where applicable).

Illustration on how annual trustee fee is calculated for EUR Class:

Assuming the daily NAV of the EUR Class at the valuation point for a particular valuation day is EUR90,000,000, then the trustee fee of the EUR Class for that particular valuation day is calculated as below:

$$\frac{\text{EUR}90{,}000{,}000.00 \times 0.055\%}{365 \text{ days}^{*}} = \text{EUR}135.62 \text{ (daily)}$$

Therefore, total trustee fee for the EUR Class for that particular valuation day will be:

= EUR135.62

Notes:
* *In the event of a leap year, the annual trustee fee will be divided by 366 days.*
*** The Manager will publish the current annual trustee fee being charged on the website at www.hlam.com.my.*

5.2.3. Switching Fee^

There is no switching fee imposed on switching of Units.

5.2.4. Transfer Fee^

A transfer fee may be imposed on Unit holders who transfer, either fully or partially, the Units registered in their names to other persons. However, the Manager has waived the transfer fee for this Fund. Please refer to Section 6.8 – Transfer of Units for further details on transfer of Units.

5.3. Fund Expensesˆ

There are other expenses involved in the administration of the Fund. The other fund expenses are custodian fee (if any), brokerage fee (if any), the Auditor's fees, tax agent's fees and other relevant professional fees such as validation and regulatory reporting on common reporting standard, foreign account tax compliance act, distribution of statements of investment, quarterly and annual reports, tax vouchers, distribution warrants, fund valuation and accounting of the Fund performed by the fund valuation agent and other notices to Unit holders as well as expenses that are directly related and necessary to the business of the Fund as set out in the Deed. The Fund's expenses shall be paid out of the Fund.

Note:
^ All fees and charges and/or sum set out in this Information Memorandum payable to the Manager/Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).

5.4. Rebates and Soft Commissions

The Manager, Trustee or Trustee's delegate will not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

Notwithstanding the aforesaid, the Manager may retain goods and services by way of soft commissions provided always that (i) the goods and services bring direct benefit or advantage to the management of the Fund and may include research and advisory related services, (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund and (iii) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

There are fees and charges involved and Sophisticated Investors are advised to consider the fees and charges before investing in the Fund.

6. TRANSACTION INFORMATION

6.1. Bases of Valuation of Investments

Unlisted CIS – The valuation of each unit or share in any unlisted CIS will be based on the last published redemption price per unit or share of such CIS at the valuation point.

Money market instruments – The value of any money market instruments will be performed on daily basis by reference to the value of such investment as provided by the financial institution that issues the investment. Investments in commercial papers are valued on a daily basis using the fair value prices quoted by a bond pricing agency registered with the SC.

Deposits – The value of any deposits placed with financial institutions shall be determined each day by reference to their nominal values/ principal sum and the accrued profit, if any, thereon for the relevant period.

Derivatives - The valuation of derivatives is marked to market on a daily basis using valuation prices quoted by the counterparty of derivatives. The Manager will verify the reasonableness of the prices of the derivatives provided by the counterparty via an in-house verification procedure which is in place to ensure reasonable valuation of the derivatives. It shall be valued at fair value, as determined in good faith by the Manager based on the methods or bases which have been verified by the Auditor and approved by the Trustee.

Foreign exchange rate conversion – Foreign securities and assets denominated in foreign currencies are translated at the same day's bid foreign exchange rate at 4.00 p.m. (United Kingdom time) as quoted by London Stock Exchange Group *(formerly known as Refinitiv)* or any other reliable source. If the rates are not available at the same time, the last rate available before 4.00 pm (United Kingdom time) will be used, it is also subject to change based on such time prescribed by Federation of Investment Managers Malaysia or any other relevant authority from time to time.

6.2. Cross Trades

The Manager may undertake cross trades i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:

(a) sale and purchase decisions are in the best interest of both funds or portfolios;
(b) transactions are executed through a dealer or a financial institution on an arm's length and fair value basis;
(c) reason for such transactions is documented prior to execution of the trades;
(d) cross trades are identified to both funds or portfolios in their respective periodic transaction report or statement; and
(e) prior consent from the trustees of the funds have been obtained.

Cross trades between:

(a) employee of the Manager and the funds or portfolios; and
(b) the Manager for its proprietary trading and its funds or portfolios,

are prohibited.

6.3. Fund Valuation and Publication of Prices

The NAV per Unit is quoted on a Forward Price basis and can be obtained from the Manager's website at www.hlam.com.my.

The Fund must be valued at least once every Business Day. As the Fund has exposure to investments in foreign jurisdiction, the price of the Fund for a particular Business Day will not be published online on the next day but will instead be published the next following day (i.e. the price will be two (2) days old).

If you would like to know the latest price of the Fund, please contact our Customer Experience Personnel at +603-2081 8600 ext 18603/18604 or you may refer to our website www.hlam.com.my.

Unit holders should note that the Manager does not accept responsibility for any errors on the part of the publisher on the prices published daily in various major newspapers (if any), or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by Unit holders in reliance upon such publications.

6.4. Pricing Policy

The Manager adopts a Single Pricing policy to price Units in relation to the purchase and redemption of Units. Hence, the purchase and redemption of Units will be carried out at a single price (i.e. NAV per Unit). The sales charge and redemption charge (if any) will be calculated separately based on your investment or redemption amount.

6.5. Unit Pricing

The Selling Price and Redemption Price of each Class are calculated based on the NAV per Unit of the Class at the next valuation point after the application to purchase or redeem Units is received by the Manager.

Determination of the NAV per Unit

The NAV per Unit is determined on each Business Day by dividing the value of the Fund's assets attributable to the Class less its liabilities, (i.e. NAV of the Class), by the number of UIC for that Class at the same valuation point and rounded to four (4) decimal places.

$$\textbf{NAV per Unit} = \frac{\textbf{Assets - Liabilities}}{\textbf{UIC}}$$

Figures and examples are meant for illustration purposes only.

	Fund (EUR)	**MYR Class (EUR)**	**SGD-Hedged Class (EUR)**	**USD-Hedged Class (EUR)**
Gross Net Asset Value before income and expenses	235,000,000.00	210,000,000.00	10,000,000.00	15,000,000.00
Multi-class ratio ("MCR") (%)	100.00	89.3	4.3	6.4
Add: income	500,000.00	446,500.00	21,500.00	32,000.00
Less: expenses	(200,000.00)	(178,600.00)	(8,600.00)	(12,800.00)
Gross NAV before management fee & trustee fee	235,300,000.00	210,267,900.00	10,012,900.00	15,019,200.00
<u>Less adjustments:</u>				
Management fee (1.80%) per annum	(11,603.84)	(10,369.38)	(493.79)	(740.67)
Trustee fee (0.055%) per annum	(354.56)	(316.84)	(15.09)	(22.63)
Net Asset Value	235,288,041.60	210,257,213.78	10,012,391.12	15,018,436.70
Units in circulation	235,000,000.00	210,000,000.00	10,000,000.00	15,000,000.00

Net Asset Value per Unit in the Base Currency		1.0012	1.0012	1.0012
Currency exchange rate		EUR 1= MYR 4.819	EUR 1= SGD 1.4481	EUR 1= USD 1.0844
NAV per Unit in Class		MYR 4.8248	SGD 1.4498	USD 1.0857

6.6. Purchase of Units

(a) Calculation on sales charge and Units

The Selling Price of the Fund (or a Class) is calculated based on the NAV per Unit of the Fund (or a Class) at the next valuation point after the application to purchase Units is received by the Manager on a Business Day, i.e. Forward Price. The sales charge levied upon the purchase of Units by Unit holders is up to 6.00% of the Class's NAV per Unit.

Illustration: Calculation on sales charge and Units for EUR Class:

Assuming the NAV per Unit of the EUR Class at the end of the Business Day is EUR1.0000 and the sales charge is 6.00%, when an investor makes an investment of EUR10,000.00 in the EUR Class, then the total amount to be paid by an investor is illustrated as follows:

Investment amount	=	EUR10,000.00
Sales charge	=	Sales charge x amount invested
	=	6.00% x EUR10,000.00
	=	EUR600.00
Total amount to be paid by investor	=	Amount invested + sales charge
	=	EUR10,000.00 + EUR600.00
	=	EUR10,600.00

Therefore, the number of Units credited to the above investor's investment account are (expressed in 2 decimal places):

$$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{EUR10,000.00}}{\text{EUR1.0000}} = 10{,}000.00 \text{ Units}$$

(b) Minimum initial and additional investment amount

Classes	Minimum Initial Investment^	Minimum Additional Investment^
EUR Class	EUR100,000	EUR10,000
MYR Class	RM100,000	RM10,000
MYR-Hedged Class	RM100,000	RM10,000
USD-Hedged Class	USD100,000	USD10,000
AUD-Hedged Class	AUD100,000	AUD10,000
SGD-Hedged Class	SGD100,000	SGD10,000
^ or such other lower amount as the Manager may in its sole discretion allow.		

There is no restriction on the frequency of investments into the Fund or a Class.

6.7. Redemption of Units

(a) Calculation and payment of redemption proceeds

The Redemption Price of the Fund (or a Class) is calculated based on the NAV per Unit of the Fund (or a Class) at the next valuation point after the request for redemption of the Units is received by the Manager on a Business Day, i.e. Forward Price. The Manager does not impose a redemption charge on the redemption of Units for the Fund.

Illustration: Calculation on net redemption proceeds for EUR Class:

Assuming an investor intends to redeem 10,000 Units from the EUR Class and that the NAV per Unit of the EUR Class is EUR1.0000, then the redemption proceeds that the investor will receive is as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit	
	=	10,000 Units x EUR1.0000	
	=	EUR10,000.00	
Redemption proceeds			EUR 10,000.00
Less redemption charge			NIL

Net redemption proceeds to be paid to the investor			EUR 10,000.00

(b) Minimum redemption of Units

The minimum redemption of Units for the respective Classes are as follows:

Classes	Minimum Redemption of Units^
EUR Class	1,000 Units
MYR Class	5,000 Units
MYR-Hedged Class	5,000 Units
USD-Hedged Class	1,000 Units
AUD-Hedged Class	1,000 Units
SGD-Hedged Class	1,000 Units
^ or such other lower number of Units as the Manager may in its sole discretion allow.	

Partial or full redemption can be made by completing a "Form of Request for Redemption" and by submitting it through the nearest Manager's head office or its branches. The Unit holder shall not be entitled to partially redeem his holdings in the Fund or Class if it reduces the remaining account balance of the Class to an amount which is lower than the Class's stipulated minimum account balance. In such circumstances, the Manager may in its sole discretion effect a full redemption on the entire holdings in that Class and inform the Unit holder thereafter. There is no restriction on the frequency of redemption of Units, subject to the minimum account balance. Please refer to Section 6.10 – Minimum Account Balance for more information.

In the case where Units are in the names of more than one (1) Unit holder, the mode of holding will be specified as a "Joint Application" and redemption requests will have to be signed by all the joint holders. However, in the case where the mode of holdings is specified as "Either Applicant to Sign", it is not necessary for all joint holders to make the redemption request and any person who is registered as a joint holder in the Fund will be allowed to make redemption requests for the Fund. In all cases, the redemption proceeds will be paid only to the first-named joint holder in the Fund's register (unless the Unit holder specifies otherwise in the "Form of Request for Redemption"). Payment will not be made to bank accounts in the name of third parties.

(c) Payment of redemption proceeds

Redemption proceeds will be paid within fifteen (15) Business Days upon receipt of the duly completed redemption request by the Manager.

(d) Suspension of Redemptions

Under exceptional circumstances, having exhausted all other liquidity risk management tools*, the Manager may in consultation with the Trustee and having considered the interest of the Unit holders, suspend the dealing in Units where there is good and sufficient reason to do so. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's asset cannot be determined. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event within twenty-one (21) days from the commencement of suspension.

During the suspension period, the redemption requests from the Unit holders will not be accepted and such redemption requests will only be processed on the next Business Day once the suspension is lifted.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interests of Unit holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.

The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case the Trustee must immediately call for a Unit holders' meeting to decide on the next course of action.

** Please refer to Section 3.4.1 – General Risks – Liquidity risk for further details on liquidity risk management tools.*

6.8. Transfer of Units

A Unit holder (the transferor) may transfer Units held in the Fund (either fully or partially) to another person (the transferee), who must qualify as a Sophisticated Investor and satisfy the entry requirements of the Manager.

The transfer must be made in terms of Units and not in terms of the monetary value in the currency denomination of the Classes. The minimum transfer amount is 1,000 Units or such other lower number of Units as the Manager may in its sole discretion allow. Where partial transfer of Units is made, the transferor must maintain and the transferee must meet the minimum holding* of Units. In the event the minimum holding* of Units is not met by either the transferor or transferee, the Manager reserves the right to reject the transfer request.

To effect a transfer, both the transferor and transferee are required to complete a "Transfer Form". Additionally, if the transferee is a new investor, the "Account Opening Form" must be completed.
*Please refer to Section 6.10 – Minimum Account Balance for more information.

6.9. Fund Switching

Switching is a facility offered by the Manager to its existing Unit holders. This facility enables Unit holder to switch between Classes of Hong Leong All Roads Growth Fund, Hong Leong All Roads Balanced Fund and Hong Leong All Roads Conservative Fund, provided that the currency denomination is the same. However, the Manager has the discretion to allow or to reject any switching-in or switching-out of the Fund (or a Class) if it deemed disruptive to fund management or contrary to the best interest of the Fund (or a Class) and/or Unit holders.

The minimum balance that must be retained in the Unit holders' account for each Class may differ and may be determined by the Manager from time to time. If the balance (i.e. number of Units) of an investment in a Class is less than the minimum number of Units stipulated for that Class, Unit holders are required to make additional investment in that Class in order to meet the required minimum balance of investment for that Class. Otherwise, the Manager has the discretion to redeem the entire investment from that Class and forward the proceeds to the Unit holder.

6.10. Minimum Account Balance

The minimum balance of Units in each Class that must be retained in an investor's account are set out in the table below.

Classes	Minimum Account Balance^
EUR Class	100,000 Units
MYR Class	100,000 Units
MYR-Hedged Class	100,000 Units
USD-Hedged Class	100,000 Units
AUD-Hedged Class	100,000 Units
SGD-Hedged Class	100,000 Units
^ or such other lower number of Units as the Manager may in its sole discretion allow.	

If the Unit holder holds Units in more than one (1) Class, he must retain the applicable minimum account balance for each of the Classes that he holds.

If the Units of the investment in the Unit holders' account fall below the above minimum account balance due to switching, transfer or redemption, the Manager may effect a full switching, transfer or redemption on the entire account, without consulting the Unit holders. If the Unit holder holds Units in more than one (1) Class, only the Units of the Class not meeting the minimum account balance will be subject to the full switching, transfer or redemption.

6.11. Incorrect Pricing

Subject to any relevant laws, if there is an error in the valuation and/or pricing of the NAV per Unit of the Fund, the Manager will take immediate remedial action to correct the error. Rectification shall extend to the reimbursement of money as follows if the error is at or above the significant threshold of 0.5% of the Fund's NAV per Unit:

(a) If there is an over valuation and/or pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit holder;

(b) If there is an over valuation and/or pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;

(c) If there is an under valuation and/or pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; or

(d) If there is an under valuation and/or pricing in relation to the redemption of Units, the Fund shall reimburse the Unit holder or former Unit holder.

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 or in the case of a foreign currency Class, less than 10.00 denominated in the respective foreign currency denomination of the Class. This is because the reprocessing costs may be greater than the amount of the adjustment.

6.12. Who is eligible to invest?

You are eligible to invest in the Fund if you are:

- a Sophisticated Investor*;
- not a U.S. Person*;
- an individual investor of at least eighteen (18) years of age at the date of application; and/or
- a corporation such as registered businesses, cooperative society, trusts or pension funds.

*For further information on "Sophisticated Investor" and "U.S. Person", please refer to the "Definitions" section of this Information Memorandum.

The Manager reserves the right to accept or reject any application without assigning any reason.

6.13. How and Where Units Can Be Bought and Sold

For application or redemption of Units, the Unit holder is required to complete the relevant forms which are readily available from the head office and branch offices of HLAM.

Please refer to Section 12 – Directory of Sales Offices for further information.

6.14. Cut-Off Time for Purchase, Switching, Transfer and Redemption Requests

The cut-off time for purchase, switching, transfer and redemption requests for the Fund shall be at 4.00 p.m. on every Business Day. Such requests that are received by the Manager after 4.00 p.m. will only be processed on the following Business Day. The Manager reserves the right to reject any application that is incomplete and/or not accompanied by the required documents.

The Manager may set a different cut-off time for purchase, switching, transfer and redemption requests under exceptional circumstances.

6.15. Distribution Mode

Distribution declared (if any) will be reinvested into the Unit holder's account in the form of additional Units in the Fund at no cost based on the NAV per Unit at the end of the first Business Day following the date of the income declaration date. Should a public holiday fall on the reinvestment date, reinvestment will be made on the following Business Day.

If a Unit holder opts for the distribution to be paid out, the said income distribution proceeds will be credited into their Malaysian bank account. In the absence of a registered bank account, the distribution (if any) will be re-invested.

The Manager may declare distributions out of the income and/or capital of the Fund after deducting the fees and expenses incurred by the Fund. The Manager has the right to distribute all or part of the Fund's distributable income and it may vary from time to time depending on the market condition.

The rationale for distributing out of the Fund's capital is to enable the Fund the ability to declare distribution to return a portion of capital growth to Unit holders when the Fund has insufficient realised gains or realised income to do so, after taking into consideration the risk of capital erosion and the risk that the investment objective of capital growth might not be met.

Distribution out of capital carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished.

Unit prices and distributions payable, if any, may go down as well as up.

UNIT HOLDERS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.

6.16. Unclaimed Moneys

Any redemption proceeds payable to Unit holders which remain unclaimed after two (2) years from the date of payment or such other period as may be prescribed by the Unclaimed Moneys Act, 1965 will be surrendered to the Registrar of Unclaimed Moneys in accordance with the said Unclaimed Moneys Act, 1965.

7. THE MANAGER

7.1. The Manager

The Manager was incorporated as a private limited company under the Companies Act 1965 *(now known as Companies Act 2016)* on 5 October 1994 under the name of HLB Unit Trust Management Sdn Bhd. On 3 January 1995, it was converted into a public limited company. It was renamed to HLG Unit Trust Bhd on 15 July 2002 when it became a wholly-owned subsidiary of Hong Leong Capital Berhad (formerly known as HLG Capital Berhad). The Manager acquired the business activities, assets and liabilities of HLG Asset Management Sdn Bhd, a related company on 1 June 2010.

7.2. The Board of Directors

Ms Lee Jim Leng (non-independent, non-executive/Chairman)

Mr Chue Kwok Yan (non-independent, Executive/Chief Executive Officer)

YBhg Dato' Abdul Majit Bin Ahmad Khan (independent, non-executive)

YM Tunku Dato' Mahmood Fawzy Bin Tunku Muhiyiddin (independent, non-executive)

7.3. The Designated Fund Managers

Mr. Leong Khai Wynn
Fund Manager, Equity
Mr. Leong Khai Wynn holds a Bachelor of Commerce degree from the University of Melbourne. He has more than ten (10) years' experience in equity research for local markets and currently covering the Malaysian market. He joined HLAM in July 2014. Mr. Leong holds the Capital Markets Services Representative's Licence since 16 December 2021.

Ms. Kek Pei Chin
Fund Manager, Fixed Income
Ms. Kek Pei Chin holds a degree in Bachelor of Business in Accounting from RMIT University. She has more than thirteen (13) years of experience in fixed income research and portfolio management. She joined HLAM in August 2021. Ms. Kek began her career as a credit rating analyst in RAM. She subsequently joined Citibank Berhad as a Relationship Manager for Financial Institutions under the Corporate and Investment Banking division. Ms. Kek further embarked on an entrepreneurial journey and was one of the co-founders and director of a MSC company which provides online fundamental analysis system to investors and investor relations solutions to public-listed companies on Bursa Malaysia. Prior to joining HLAM, she was the team lead for the Ringgit Fixed Income Credit Research team in RHB Asset Management and was responsible for the credit evaluation and credit risk management of the Ringgit Fixed Income portfolio. Ms. Kek holds the Capital Markets Services Representative's licence since 17 February 2022.

7.4. The Roles, Duties and Responsibilities of the Manager

The Manager is responsible for the daily sales, management and administration of the Fund in accordance with the provisions of the Deed, this Information Memorandum and the Manager's internal policies. In fulfilling its responsibility, the Manager undertakes, among others the following functions:

- implementation of appropriate investment strategies to achieve the Fund's objective;
- administering the Unit holders' transactions;
- maintaining proper records and register for the Fund;
- calculating the amount of income for cash distributions/Unit splits to the Unit holders; and
- providing sales, marketing and customer experience support to Unit holders and fund distributors.

7.5. Material Litigation and Arbitration

There is no material litigation and arbitration, including those pending or threatened, and to our knowledge there are no facts likely to give rise to any proceedings which might materially affect the business or financial position of the Manager.

FURTHER INFORMATION ON THE MANAGER AND FUND MANAGER IS PROVIDED IN THE MANAGER'S WEBSITE AT WWW.HLAM.COM.MY/ABOUT_US/OUR_STORY AND WWW.HLAM.COM.MY/FUND_HUB/INVESTMENT_COMMITTEE.

8. THE TRUSTEE OF THE FUND

8.1. About Deutsche Trustees Malaysia Berhad

Deutsche Trustees Malaysia Berhad ("DTMB") (Registration No.: [200701005591 (763590-H)]) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group ("Deutsche Bank"). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

8.2 Experience in Trustee Business

DTMB is part of Deutsche Bank's securities services, which provides trust, custody and related services on a range of securities and financial structures. As at 31 March 2025, DTMB is the trustee for one hundred and ninety-one (191) CISs including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB's trustee services are supported by Deutsche Bank (Malaysia) Berhad ("DBMB"), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

8.3 Roles, Duties and Responsibilities of the Trustee

DTMB's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

8.4 Trustee's Delegate (Custodian)

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over thirty (30) markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

8.5 Trustee's Disclosure of Material Litigation and Arbitration

As at 31 March 2025, the Trustee is neither (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

Trustee's Disclosure on Related-Party Transactions/Conflict of Interests

As the trustee for the Fund and the Manager's delegate for the fund accounting and valuation services (where applicable), there may be related party transactions involving or in connection with the Fund in the following events:

(1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placements, etc);

(2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC's guidelines and other applicable laws;

(3) Where the Manager appoints DTMB to perform its back office functions (e.g. fund accounting and valuation, where applicable); and

(4) Where the Trustee has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While the DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit holders does not preclude the possibility of related party transactions or conflicts.

9. SALIENT TERMS OF DEED

9.1. Right and Liabilities of Unit Holder

9.1.1. Unit holder's Rights

You should be entitled to receive distributions of income and/or capital (if any), to participate in any increase in the value of the Units and to enjoy such other rights and privileges as are provided for in the Deed.

You will also receive the annual and quarterly reports of the Fund.

You have the right to call for Unit holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution.

No Unit holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on the Trustee's behalf, of the rights of the Trustee as the registered owner of such assets.

9.1.2. Unit holders' Liabilities

No Unit holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.

A Unit holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

9.2. Maximum Fees and Charges Permitted by the Deed

Sales charge	Redemption charge	Annual management fee	Annual trustee fee
6.00% of the NAV per Unit of the Class.	3.00% of the NAV per Unit of the Class.	3.00% per annum of the NAV of the Class.	0.10% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000.00 per annum (excluding foreign custodian fees and charges).

9.3. Increase in Fees and Charges

Any increase of the fees and/or charges above the maximum stated in the Deed shall require Unit holders' approval.

A higher sales charge than disclosed in this Information Memorandum may only be imposed if:

(a) the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge; and

(b) a supplemental information memorandum or replacement information memorandum in respect of the Fund setting out the higher charge is lodged and issued.

A higher redemption charge than that disclosed in this Information Memorandum may only be imposed if:
(a) the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge; and

(b) a supplemental information memorandum or replacement information memorandum in respect of the Fund setting out the higher charge is lodged and issued.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Information Memorandum unless:

- the Manager has come to an agreement with the Trustee on the higher rate;
- the Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; and
- a supplemental information memorandum or replacement information memorandum stating the higher rate is lodged and issued.

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Information Memorandum unless:

- the Manager has come to an agreement with the Trustee on the higher rate;
- the Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; and
- a supplemental information memorandum or replacement information memorandum stating the higher rate is lodged and issued.

9.4. Permitted Expenses Payable by the Fund*

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund or each Class may be charged to the Fund or each Class respectively. These would include (but are not limited to) the following:
(a) commissions or fees paid to brokers or 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;
(d) costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
(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, 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 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 a Class 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, Class or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund or the Class (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);

* *Note: All fees and charges and/or sum set out in this Information Memorandum payable to the Manager/Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).*

(m) costs, fees and expenses deemed by the Manager and the Trustee 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;
(n) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund (if any), unless the Manager decides otherwise;
(o) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians for taking into custody any foreign assets of the Fund, if any;
(p) fees, charges, costs and expenses relating to the preparation, printing, posting, registration and/or lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
(q) any 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.

9.5. Retirement, Removal and Replacement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee six (6) months' notice in writing of its desire so to do, or such shorter period as the Manager and the Trustee may agree upon, and subject to the fulfillment of the following conditions:

(a) the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as management company of the Fund;
(b) such corporation shall enter into such deed or deeds as are referred to in the Deed; and
(c) upon the payment to the Trustee of all sums due from the retiring Manager to the Trustee under the Deed at the date of such retirement, the retiring Manager shall be absolved and released from all further obligations under the Deed but without prejudice to the rights of the Trustee or any Unit holder or other person in respect of any act or omission on the part of the retiring Manager prior to such retirement and the new management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager as fully as though such new management company had been originally a party to the Deed.

The Manager may be removed by the Trustee:

(a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit holders for the Trustee to do so after the Trustee has given notice to the Manager of the Trustee's opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit holders by way of a Special Resolution;
(b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
(c) if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

9.6. Retirement, Removal and Replacement of the Trustee

The Trustee may retire upon giving six (6) months' notice to the Manager of its desire so to do, or such shorter period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee which has the requisite authority under the relevant laws to carry out the functions of a trustee.

The Manager shall take all reasonable steps to remove or replace the Trustee as soon as practicable after becoming aware that:
- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee was not eligible to be appointed or to act as trustee under any relevant law;
- the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee

and has not ceased to act under the appointment;

- a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

Upon the retirement of the Trustee, the Manager shall appoint in writing some other corporation to be the trustee of the Fund.

9.7. Termination of the Fund

A Fund may be terminated or wound up upon the occurrence of any of the following events:

(a) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the CMSA and the court has confirmed the resolution, as required under section 301(2) of the CMSA; and
(b) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund.

Notwithstanding the above and subject to the provisions of the relevant laws, the Manager may, in its absolute discretion and without having to obtain the prior approval of the Unit holders, terminate the trust created and wind up the Fund if:

(a) there are any changes in the relevant laws that may affect the Fund's performance;

(b) the Fund's size falls below EUR5,000,000.00; or

(c) the Manager deems it to be impracticable, inadvisable or uneconomical for the Manager to continue managing the Fund,

and such termination is in the best interests of Unit holders.

Notwithstanding the aforesaid, if the Fund is left with no Unit holder, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust created, the Trustee shall:

(a) sell all the Fund's assets then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit holders; and

(b) from time to time distribute to the Unit holders, in proportion to the number of Units held by them respectively:

    (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Fund's assets less any payments for liabilities of the Fund; and
    (2) any available cash produce,

    provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit holders of Ringgit Malaysia Fifty (50) sen or its foreign currency equivalent, if applicable, in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit holder relating to the Units in respect of which the distribution is made.

In the event of the trust created being terminated, the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws.

9.8. Termination of a Class

The Manager may terminate a particular Class in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interests of Unit holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class of the Fund.

Notwithstanding the above and subject to the provisions of the relevant laws, the Manager may, in its absolute discretion and without having to obtain the prior approval of the Unit holders, terminate a particular Class if:

(a) there are any changes in the relevant laws that may affect the Class's performance; or

(b) the Manager deems it to be impracticable, inadvisable or uneconomical for the Manager to continue managing the Class,

and such termination is in the best interests of Unit holders.

Notwithstanding the aforesaid, if the Class is left with no Unit holder, the Manager shall be entitled to terminate the Class.

If at a meeting of Unit holders to terminate a Class, a Special Resolution to terminate the Class is passed by the Unit holders:

(b) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution; and

(c) the Trustee or the Manager shall as soon as practicable inform all Unit holders of the termination of that Class.

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that Class by the Auditor. Upon the completion of the termination of that Class, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that Class.

9.9. Unit holders' Meeting

Unit holders' meeting may be called by the Manager, Trustee and/or Unit holders. Any such meeting must be convened in accordance with the Deed and/or the relevant laws.

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction at its registered office from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit holders of the Fund or a particular Class, as the case may be, summon a meeting of the Unit holders of the Fund or a particular Class, as the case may be, by:

(a) sending by post, e-mail or facsimile to each Unit holder at his last known address or, in the case of jointholders, to the jointholder whose name stands first in the records of the Manager to the jointholder's last known address at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit holders; and

(d) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:
(a) requiring the retirement or removal of the Manager;
(b) requiring the retirement or removal of the Trustee;
(c) considering the most recent financial statements of the Fund;

(d) giving to the Trustee such directions as the meeting thinks proper; or
(e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received at its registered office from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit holders of the Fund or a particular Class, as the case may be.

10. ADDITIONAL INFORMATION

10.1. Availability of Information on Investment

Who do I contact for clarification or further information?

You may contact the below for assistance on enquiring the Fund's NAV and/or other queries regarding the Fund.

- Customer Experience Personnel at head office of HLAM;
- Branch offices of HLAM;
- E-mail to inquiry@hlam.hongleong.com.my; or
- Visit our website at www.hlam.com.my.

We encourage feedback from you in order for us to upgrade our services to meet your needs. You could seek assistance or lodge complaints to the above sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.).

10.2. Avenues for advice

If you have any questions about the information in this Information Memorandum or would like to know more about investing in the Fund, you may contact our Customer Experience Personnel at +603-2081 8600 ext 18603/18604 or email us at inquiry@hlam.hongleong.com.my. You may refer to www.hlam.com.my or Section 12 – Directory of Sales Offices for our contact details.

10.3. Deed

The Deed is dated 16 May 2025.

10.4. Financial Year-End

The Fund's financial period is a 12-month period ending on the 30th day of April of each year, save and except that the first financial period shall commence on the date of this Information Memorandum. For the avoidance of doubt, the first financial period must not be more than eighteen (18) months.

The Manager shall make available the below mentioned reports within two (2) months from the close of each financial period of the Fund:

- quarterly report for the Fund; and
- annual audited report for the Fund's financial year-end.

The Manager may provide the quarterly report and annual audited report in electronic copy.

The Fund's annual report is available upon request.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Manager's registered office:

- the Deed and supplementary deed (if any) of the Fund;
- this Information Memorandum and supplementary information memorandum or replacement information memorandum (if any) of the Fund;
- the latest quarterly and annual reports of the Fund; and
- the audited financial statements of the Manager and the Fund for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement.

12. DIRECTORY OF SALES OFFICES

HONG LEONG ASSET MANAGEMENT BHD

Head Office
Level 18, Block B, Plaza Zurich
No. 12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
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Website : www.hlam.com.my
E-mail : inquiry@hlam.hongleong.com.my
Customer Experience Personnel : +603-2081 8600 ext 18603/18604

Branch Offices

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Jalan Burmah
Pulau Tikus
10350 Pulau Pinang
Tel : +604-228 8112
+604-228 9112

Authorised Distributors:

For more information, kindly contact our Customer Experience Personnel at +603-2081 8600 ext 18603/18604 between 9.00 a.m. to 6.00 p.m. on a Business Day. Alternatively, you can email us at inquiry@hlam.hongleong.com.my.