

# WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG)

an open-ended unincorporated mutual investment fund (*fonds commun de placement*), is governed by Part I of the Luxembourg law of 17<sup>th</sup> December, 2010, as amended (*2010 Law*), and thus qualifies as a UCITS.

## Prospectus

Dated 9 October 2020

---

### EQUITY FUNDS

Wellington Asia Technology Fund  
Wellington Asian Opportunities Fund  
Wellington Climate Strategy Fund  
Wellington Downside Alpha Opportunities Fund  
Wellington Emerging Markets Research Equity Fund  
Wellington Global Health Care Long-Short Fund  
Wellington Global Innovation Fund  
Wellington Global Opportunities Equity Fund  
Wellington Global Quality Growth Fund  
Wellington Global Research Equity Fund  
Wellington Global Select Capital Appreciation Equity Fund  
Wellington Strategic European Equity Long-Short Fund  
Wellington US Equity Long-Short Fund  
Wellington US Research Equity Fund

### FIXED INCOME FUNDS

Wellington Global Total Return Fund (UCITS)  
Wellington Opportunistic Emerging Market Debt II Fund

No dealer, salesman or any other person is authorised to give any information or to make any representations other than those contained in this Prospectus and the other documents referred to herein in connection with the offer made hereby, and, if given or made, such information or representations must not be relied upon as having been authorised by the Umbrella Fund or representatives of the Umbrella Fund.

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

Prospective purchasers of Units should inform themselves as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

The Units may not be and will not be offered for sale or sold in the United States of America, its territories or possessions or to "United States Persons" (as hereinafter defined) unless otherwise permitted by the Management Company in its sole discretion. The Management Regulations of the Umbrella Fund contain certain restrictions on the sale and transfer of Units to such persons and to certain other persons (see "Restriction on ownership and transfer of Units" herein). Subscriptions for Units are subject to acceptance by the Management Company (as defined hereafter).

Subscriptions are accepted on the basis of this Prospectus and, where this is legally required, the Key Investor Information Document ("KIID") (available from <http://www.wellington.com/KIIDS>) and of the latest available annual report of the Umbrella Fund containing its audited accounts, and of the latest available semi-annual report (if later than such annual report).

## Table of Contents

THE UMBRELLA FUND.....	8
INVESTMENT OBJECTIVES AND POLICIES.....	10
Wellington Asia Technology Fund .....	10
Wellington Asian Opportunities Fund.....	11
Wellington Climate Strategy Fund .....	11
Wellington Downside Alpha Opportunities Fund .....	13
Wellington Emerging Markets Research Equity Fund.....	14
Wellington Global Health Care Long-Short Fund .....	15
Wellington Global Innovation Fund.....	16
Wellington Global Opportunities Equity Fund.....	17
Wellington Global Quality Growth Fund .....	18
Wellington Global Research Equity Fund.....	19
Wellington Global Select Capital Appreciation Equity Fund .....	20
Wellington Strategic European Equity Long-Short Fund .....	21
Wellington US Equity Long-Short Fund .....	22
Wellington US Research Equity Fund .....	23
Wellington Global Total Return Fund (UCITS).....	25
Wellington Opportunistic Emerging Market Debt II Fund .....	27
All Funds .....	28
RISK FACTORS .....	31
INVESTMENT RESTRICTIONS.....	61
DEALING IN UNITS .....	61
Available Unit Classes .....	61
Application for Units .....	63
Redemption of Units .....	65
Conversion (Switching) of Units .....	66
Market Timing and Late Trading/Excessive Trading Policies .....	67
Structured Products .....	68
Issue and Redemption Prices/Calculation of the Net Asset Value/Valuation of Assets .....	68
Suspension of the valuation of the total net assets and of the issue, conversion and redemption of Units .....	70
Restriction on ownership and transfer of Units .....	70
Anti-Money Laundering.....	71
CHARGES AND EXPENSES.....	71
Investment Management Fees .....	71
Performance Fees.....	73
Performance Fee Types.....	73
Distribution Fees.....	75
Administrative Fee.....	76
MANAGEMENT AND ADMINISTRATION .....	78
The Management Company.....	78
The Investment Manager.....	79
The Distributor.....	80
<b>The Depositary</b> .....	80
Administration Agent and Paying Agent, Registrar and Transfer Agent.....	84
Unit Class Currency Management Services.....	84
The Facilities Agent.....	85
TAXATION .....	85
Luxembourg Taxation.....	85
Income Equalisation.....	86

Austrian Taxation.....	87
German Taxation.....	89
United Kingdom Taxation.....	91
Swiss Taxation .....	94
United States Taxation.....	97
Foreign Account Tax Compliance Act Provisions (“FATCA”).....	98
Taxation of Investments Generally and Additional Considerations.....	99
LIQUIDATION AND MERGER.....	100
Liquidation of the Umbrella Fund .....	100
Liquidation of Funds.....	100
Mergers .....	100
CONFLICTS OF INTEREST .....	101
GENERAL INFORMATION.....	103
Distribution Policy .....	103
Data Protection .....	104
Benchmark Regulation.....	105
Information to Unitholders .....	107
APPLICABLE LAW AND JURISDICTION; GOVERNING LANGUAGE.....	108
DOCUMENTS AVAILABLE FOR INSPECTION .....	108
GLOSSARY.....	110
Appendix A - Investment Restrictions and Techniques and Instruments.....	119
Appendix B - Dealing Currencies, Minimum Initial Subscriptions, Minimum Subsequent Subscriptions and Minimum Holding Amounts for all Funds.....	134
Appendix C - Additional Information for Investors in Switzerland.....	135

## DIRECTORY

### UMBRELLA FUND

WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG)  
Unincorporated co-proprietorship with registered address at:  
33 avenue de la Liberté  
L - 1931 Luxembourg

### MANAGEMENT COMPANY

WELLINGTON LUXEMBOURG S.à r.l.  
with registered address at:  
33 avenue de la Liberté  
L - 1931 Luxembourg

### BOARD OF MANAGERS OF THE MANAGEMENT COMPANY

Alan J. Brody  
New York, NY, USA

Henry C. Kelly  
Luxembourg

Austin J. O'Connor  
Luxembourg

Lucinda M. Marrs  
Senior Managing Director  
WELLINGTON MANAGEMENT  
Boston, MA, USA

Thomas Murray  
Managing Director  
WELLINGTON MANAGEMENT  
London, UK

Alain Vincent Mandy  
Chief Operating Officer  
WELLINGTON MANAGEMENT  
London, UK

Louise Kooy-Henckel  
Managing Director  
WELLINGTON MANAGEMENT  
London, UK

### CONDUCTING OFFICERS OF THE MANAGEMENT COMPANY

Helen Dewar  
Conducting Officer  
WELLINGTON MANAGEMENT  
Luxembourg

Marietta Johnson  
Conducting Officer  
WELLINGTON MANAGEMENT  
London, UK

Sean Kelly  
Conducting Officer  
WELLINGTON MANAGEMENT  
Luxembourg

Paul S. Mullins  
Conducting Officer  
WELLINGTON MANAGEMENT  
Luxembourg

James Thompson  
Conducting Officer  
WELLINGTON MANAGEMENT  
Luxembourg

**DEPOSITARY - ADMINISTRATION,  
REGISTRAR AND TRANSFER AGENT  
AND PAYING AGENT**

STATE STREET BANK INTERNATIONAL GMBH,  
LUXEMBOURG BRANCH,  
49, Avenue J.F. Kennedy  
L - 1855 Luxembourg  
Grand Duchy of Luxembourg

**INVESTMENT MANAGER**

WELLINGTON MANAGEMENT COMPANY LLP  
with registered address at  
251 Little Falls Drive,  
Wilmington,  
Delaware 19808 USA  
with business address at  
280, Congress Street  
Boston, MA 02210 USA

Affiliates:

WELLINGTON ALTERNATIVE INVESTMENTS LLC  
with registered address at  
2711 Centerville Road  
Suite 400  
Wilmington, Delaware 19808 USA

WELLINGTON MANAGEMENT INTERNATIONAL  
LIMITED  
with registered and business address at  
Cardinal Place  
80 Victoria Street  
London SW1E 5JL  
United Kingdom

WELLINGTON MANAGEMENT SINGAPORE PTE LTD.  
with registered address at  
One Marina Boulevard #28-00  
Singapore 018981

with business address at  
8 Marina Boulevard #03-01  
Tower 1 Marina Bay Financial Centre  
Singapore 018981

WELLINGTON MANAGEMENT HONG KONG LIMITED  
with registered address at  
1401 Hutchison House  
10 Harcourt Road  
Hong Kong

WELLINGTON MANAGEMENT JAPAN PTE LTD.  
with registered address at  
Palace Building 7F  
1-1-1 Marunouchi  
Chiyoda-ku  
Tokyo 100-005  
Japan

**DISTRIBUTOR**

WELLINGTON GLOBAL ADMINISTRATOR, Ltd.  
Clarendon House  
2 Church Street  
P.O. Box HM 666  
Hamilton HMCX, Bermuda

**LEGAL ADVISORS**

ARENDE & MEDERNACH S.A.  
41A, Avenue J.F. Kennedy  
L - 2082 Luxembourg

**AUDITOR OF THE UMBRELLA FUND  
AND AUDITOR OF THE  
MANAGEMENT COMPANY**

PRICEWATERHOUSE COOPERS  
*Société coopérative*  
2, rue Gerhard Mercator  
B.P. 1443  
L-1014 Luxembourg

**FACILITIES AGENT**

WELLINGTON MANAGEMENT INTERNATIONAL  
LIMITED  
Cardinal Place  
80 Victoria Street  
London SW1E 5JL  
United Kingdom

## THE UMBRELLA FUND

Wellington Management Funds (Luxembourg) is an open-ended investment fund organised initially under Part I of the Luxembourg 1988 Law as an unincorporated mutual investment fund (*fonds commun de placement*) and is now authorised under Part I of the 2010 Law. The Umbrella Fund is managed by Wellington Luxembourg S.à r.l., an entity which was incorporated under the laws of Luxembourg on 30 August 1991 under the form of a *société en commandite par actions (S.C.A.)*, which was then converted to a *société anonyme (S.A.)* on 31 October 2006, and subsequently converted into a *société à responsabilité limitée (S.à r.l.)* on 5 December 2014. Wellington Luxembourg S.à r.l. acts as the Management Company of the Umbrella Fund, pursuant to Management Regulations approved by the Management Company. The Umbrella Fund qualifies as UCITS under Article 1. paragraph 2) points a) and b) of the Directive, and may therefore be offered for sale in EU Member States (subject to registration in countries other than Luxembourg). In addition, applications to register the Umbrella Fund may be made in other countries.

The Management Company has appointed one of either Wellington Management Company LLP (State of Delaware, U.S.A.), Wellington Alternative Investments LLC (State of Delaware, U.S.A.), Wellington Management International Limited (London, UK), Wellington Management Singapore Pte Ltd (Singapore), Wellington Management Hong Kong Limited (Hong Kong) or Wellington Management Japan PTE LTD (Japan), to serve as the Investment Manager of a Fund of the Umbrella Fund.

State Street Bank International GmbH, acting through its Luxembourg Branch, serves as depositary, administration agent, registrar and transfer agent and paying agent of the Umbrella Fund.

Wellington Global Administrator, Ltd. serves as the Distributor to the Umbrella Fund.

Wellington Management International Limited serves as Facilities Agent to the Umbrella Fund.

The independent auditor of the Umbrella Fund (*réviseur d'entreprises*) is PricewaterhouseCoopers, Luxembourg.

This Prospectus constitutes a continuous offer of Units in the Umbrella Fund.

Wellington Management Funds (Luxembourg) is organised as an umbrella fund. The Umbrella Fund's Management Regulations allow the Management Company to open different sub-funds or Funds. The particular characteristics of the Units of each Fund, as well as the investment objectives, policies and techniques of each Fund, are described in this Prospectus.

At present, the Umbrella Fund consists of the following Funds:

### Equity Funds:

- Wellington Asia Technology Fund
- Wellington Asian Opportunities Fund
- Wellington Climate Strategy Fund
- Wellington Downside Alpha Opportunities Fund
- Wellington Emerging Markets Research Equity Fund
- Wellington Global Health Care Long-Short Fund
- Wellington Global Innovation Fund
- Wellington Global Opportunities Equity Fund
- Wellington Global Quality Growth Fund
- Wellington Global Research Equity Fund
- Wellington Global Select Capital Appreciation Equity Fund



- Wellington Strategic European Equity Long-Short Fund
- Wellington US Equity Long-Short Fund
- Wellington US Research Equity Fund

Fixed Income Funds:

- Wellington Global Total Return Fund (UCITS)
- Wellington Opportunistic Emerging Market Debt II Fund

The Management Company is empowered to establish new Funds and dissolve existing ones at any time by informing the Unitholders. Upon the creation of new Funds, the Prospectus shall be amended accordingly and/or an addendum to this Prospectus shall be issued.

The assets of the Umbrella Fund are managed as separate assets by the Management Company, in the interest and for the account of the Unitholders. The Umbrella Fund is unlimited in duration and shall have total net assets which may not be less than €1,250,000 or its equivalent in a foreign currency. Its financial year starts on 1 January and ends on 31 December.

Units issued with respect to each Fund may be divided into separate classes, with each such class representing an interest in the underlying net assets of the Fund, but with such additional rights, liabilities or other characteristics as are established specifically with respect to such class.

The entire assets of the Umbrella Fund, which are separate from those of the Management Company, are the joint property of all Unitholders, who have equal rights in proportion to the number of Units of each class they hold in the individual Funds. There is no provision in the Management Regulations for a meeting of the Unitholders. The subscription to or acquisition of Units of each class in the Umbrella Fund implies acceptance of the Management Regulations by the Unitholders.

Neither the Umbrella Fund nor any Fund has legal personality under Luxembourg law. Each Fund shall be treated as a separate entity for purposes of segregating income, expenses, assets, and liabilities. The assets of each Fund constitute the joint co-proprietorship between the Unitholders in the Fund because the Unitholders of a Fund beneficially own the assets of the Fund. Each Fund is only liable for its own debts and obligations, and the liability of any Unitholder is limited to the Units it holds in a Fund without prejudice to the liability provisions contained in the Account Opening Agreement.

The Management Regulations were stipulated by the Management Company on 15 April 1994. They may be amended by the Management Company in observance of the legal provisions. Any amendment must at least be announced in the Official Gazette of the Grand-Duchy of Luxembourg, the *Mémorial C*, which has been replaced by RESA, the central electronic platform of the Grand-Duchy of Luxembourg. The Management Regulations were published in the *Mémorial C* of 17 May 1994 and were deposited with the Register of the *Tribunal d'Arrondissement* of Luxembourg on 19 April 1994. The Management Regulations have been amended several times and the last amendment was lodged with the Luxembourg register of commerce and companies, and a notice advising of the deposit thereof with the Register was published on RESA on 24 July 2020.

## INVESTMENT OBJECTIVES AND POLICIES

The Umbrella Fund's objective is to achieve long term returns relative to the particular investment style utilised by investing the assets of each Fund in Transferable Securities which are either admitted to an official stock exchange listing or dealt on an Other Regulated Market which operates regularly and is recognised and open to the public, and other investments as specified hereafter, in each case in accordance with the requirements applicable to UCITS funds under Luxembourg laws and regulations.

### Equity Funds

#### **Wellington Asia Technology Fund**

(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing primarily in the equity securities of technology and technology related companies listed or operating in the Asia region.

The investment approach uses bottom up, company specific analysis to invest in publicly traded securities of companies domiciled in the Asia region that the Investment Manager believes will benefit from the region's growing importance in the technology sector. These include securities of companies involved in the design and/or manufacture of semiconductors, semiconductor equipment, electronics, software and technology services, as well as technology related companies in other sectors. The Investment Manager carries out rigorous fundamental research to identify companies with characteristics such as a sustainable competitive advantage, strong management team, successful product strategy and a track record of execution policies that favour shareholders. The Investment Manager will also consider valuation metrics such as price to earnings ratios and strong cash flows. Portfolio holdings will typically possess many of these characteristics and will be continually evaluated and sold if there is a material change, for example management turnover, deteriorating financial performance or where the shares appear over-priced relative to earnings expectations.

Although the Fund is not constructed relative to a benchmark, the MSCI All Country Asia Pacific Information Technology Index (the "Index") will serve as a reference benchmark and is used to provide market context. The Index is designed to measure performance of the Asian technology equity market.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs and GDRs qualifying as transferable securities within the meaning of article 41(1) of the 2010 Law), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITS, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Regulation S securities are those offered outside the United States without registration under the United States Securities Act of 1933 (as amended)). The Fund may invest in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments including swaps, futures, options, forwards and other UCITS-eligible derivatives, for investment purposes and for efficient portfolio management including hedging against risk. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy.

The Fund takes an unconstrained approach investing in technology companies across the capitalisation spectrum in developed and emerging markets in the Asia region (including Asia Pacific), with sector and country allocations an outcome of the stock selection process. The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although the Investment Manager may employ currency hedging to seek to protect or enhance the value of the Fund's holdings when it believes it is advisable to do so.

The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.

**Wellington Asian Opportunities Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing primarily in companies listed or operating in the Asia ex Japan region.

The Fund is an unconstrained approach which invests in companies across the capitalisation spectrum in developed and emerging markets in the Asia ex Japan region, focusing on the identification of undervalued franchises. The Fund is constructed on a bottom-up, company-specific basis and investment decisions are based on considerations of both upside return and downside risk. Sector and country allocations are an outcome of the stock selection process. This evaluation includes assessments of financial strength and management credibility.

Although the Fund is not constructed relative to a benchmark, the MSCI All Country Asia Ex Japan Index (the "Index") will serve as a reference benchmark and is used to provide market context. The Index is designed to measure large- and mid-cap equity market performance across Asian markets (excluding Japan).

The Fund will invest primarily in equity securities of companies with market caps in excess of USD500 million, including common stocks, depository receipts (such as ADRs, GDRs and European Depository Receipts), shares in REITs constituted as Closed End Funds, similar liquid equity equivalents, and equity derivatives such as futures and options, which may be used for investment purposes and for efficient portfolio management including hedging against risk. The Fund will invest primarily in companies domiciled in countries in the Asia ex Japan region, however typically up to 15% of the Fund may be invested in companies domiciled outside of the Asia ex Japan region. Cash holdings are generally limited to 10%. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.

**Wellington Climate Strategy Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing primarily in the equity securities issued by companies worldwide that the Investment Manager believes are

most directly addressing environmental sustainability or climate risks through their products, service or capital.

The investment approach combines fundamental bottom up analysis that focuses on a company's ability to deliver a potential "double bottom line" by evaluating a company's environmental stewardship (sustainability return) and then its capital stewardship (financial investment return). In assessing a company's environmental stewardship the Investment Manager segments the investment opportunity set into major themes, including low carbon electricity, low carbon transport, water and resource management, energy efficiency and climate-resilient infrastructure. The Investment Manager focuses, in particular, on whether the company's products, services or capital provide for decarbonisation (climate change mitigation) or resource efficiency (climate change adaptation) and resiliency (climate change adaptation). The Investment Manager's analysis of a company's sustainability impact and intrinsic values determines the investment decision and relative size of each holding. The Investment Manager carries out bottom-up, company specific analysis using valuation metrics such as price to earnings, price to book ratios, enterprise value to EBITDA and perceived intrinsic value to assess companies against current market security prices and broader market sentiment. Security selection decisions will be based primarily on in-depth fundamental analysis but holdings will be continually evaluated to ensure allocations to various sectors and themes are consistent with top-down macroeconomic views.

Although the Fund is not constructed relative to a benchmark, the MSCI All Country World Index (the "Index") will serve as a reference benchmark and is used to provide market context. The Index is market capitalisation weighted and is designed to measure equity market performance of developed and emerging markets.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products which facilitate exposure to eligible underlying assets (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITs, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)). The Fund may invest in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect"). The Fund may invest up to a maximum of 20% of net assets in debt securities which the Investment Manager perceives to be consistent with the investment approach such as green bonds, which are classified as debt instruments from which proceeds are used to fund projects or activities with environmental and/or climate benefits.

The Fund may also invest in other securities including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline.

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments including swaps, futures, options, forwards and other UCITS-eligible derivatives, for investment purposes and for efficient portfolio management including hedging against risk. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy.

The Fund takes an unconstrained approach to investing in companies across the capitalisation spectrum in developed and emerging markets, with sector and country allocations an outcome of the stock selection process. The Funds exposure to certain sectors may be concentrated from time to time, but there will be broad diversification by country and company. The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although the Investment Manager may employ currency

hedging to seek to protect or enhance the value of the Fund's holdings when it believes it is advisable to do so.

The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.

**Wellington Downside Alpha Opportunities Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing primarily in equity securities issued by companies worldwide.

The Investment Manager combines multiple independent and complementary investment approaches that, when combined together, the Investment Manager believes will decline less than the market (as represented by the MSCI All Country World Index) when stocks fall while aiming to keep pace when markets rise. The Investment Manager believes this approach has the potential to generate long-term total returns by seeking to preserve capital in weak markets which may allow for better long-term appreciation of capital due to the effect of compounding.

In order to identify individual approaches with the potential to outperform the market in adverse ('downside') market environments, the Investment Manager reviews a broad and diverse range of equity strategies. The screening process is both qualitative and quantitative. Qualitatively, the emphasis is on approaches with differentiated investment philosophies where the Investment Manager is comfortable investing in concentrated portfolios that emphasise their specific area of expertise. Quantitative research is carried out on each approach, covering characteristics such as the investment universe, market-cap orientation, investment style and potential overlap of different approaches. In aggregate, the Investment Manager tends to focus on strategies that aim to have high active share (e.g. not constructed to look like a benchmark) and tracking risk (e.g. not constructed to perform like a benchmark). While the Fund is not constructed relative to a benchmark, the Investment Manager seeks underlying approaches that are designed to outperform their benchmarks and that the Investment Manager believes will have the ability to outperform (i.e. generate alpha) in adverse market environments. In combining approaches, the Investment Manager utilises a number of proprietary portfolio construction and risk management tools. These include factor-based analysis (which seeks to analyse the portfolio based on common characteristics such as quality, growth, value, momentum, volatility and other factors) scenario analysis, risk contribution and a broad range of fundamental metrics.

Although the Fund is not constructed relative to a benchmark, the MSCI All Country World Index (the "Index") will serve as a reference benchmark and is used to provide market context. The Index is market capitalisation weighted and is designed to measure equity market performance of developed and emerging markets.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, investments in Real Estate Investment Trusts (REITS), exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933

(as amended)). The Fund may invest in China A Shares traded via Stock Connect (see also “Risks linked with dealing in securities in China via Stock Connect”).

The Fund may also invest in other securities including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline.

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments including swaps, futures, options, forwards and other UCITS-eligible derivatives, for investment purposes and for efficient portfolio management including hedging against risk. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy.

The Fund takes an unconstrained approach to investing in companies across the capitalisation spectrum in developed and emerging markets, with sector and country allocations an outcome of the stock selection process. The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although the Investment Manager may employ currency hedging to seek to protect or enhance the value of the Fund’s holdings when it believes it is advisable to do so.

The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.

**Wellington Emerging Markets Research Equity Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to outperform the MSCI Emerging Markets Index (the “Index”) and achieve the objective by primarily investing, either directly or indirectly, in equity and equity-related securities issued by companies located in emerging market countries and/or conduct substantial business activities in emerging market countries. The Index is designed to measure large- and mid-cap equity market performance across global emerging markets.

The Fund will be actively managed by the global industry analysts in the research department of the Investment Manager, under the oversight of both the director of global industry research, who is responsible for management of the research department, and the director of research portfolios, who manages overall risk and coordinates Fund allocations to each global industry analyst. The investment approach uses bottom-up stock selection based on fundamental research with both the country allocation and the selection of individual companies at the discretion of the individual global industry analysts.

The Fund’s securities will generally be components of the Index but are expected to have different weightings, however individual global industry analysts may also invest in companies not included in the Index at their discretion. The allocation to each individual global industry analyst will typically align to the Index weighting for the industry they cover, such that the industry weightings of the Fund remain similar to those of the Index. This generally removes the Fund’s ability to outperform the Index through industry overweight or underweight decisions, and therefore, it is expected that the analysts’ country allocation and stock selection decisions will be responsible for achieving long-term total returns in excess of the Index and/or producing performance that is different from the Index.

The Fund, over time, will be diversified by issuer relative to the global emerging equity market and will not be oriented towards any particular investment style (e.g. growth, value, small companies); its characteristics, including country exposure, will reflect the nature of the underlying stock selections.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITS, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)).

The Fund may also invest in other securities, including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline. No more than 5% of the net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes. The Fund may invest up to 20% of net asset value in China A Shares traded via Stock Connect (see also “Risks linked with dealing in securities in China via Stock Connect”).

The Fund may buy and sell exchange-traded and over-the-counter FDIs including swaps, futures, options, forwards and other UCITS-eligible FDIs, for investment purposes and for efficient portfolio management, including hedging against risk. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its investment objective and policy.

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although the Investment Manager may employ currency hedging to seek to protect or enhance the value of the Fund’s holdings when it believes it is advisable to do so.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund’s VaR is limited by twice the VaR of a reference portfolio, being the Index.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 30% of net asset value through the use of FDIs although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Wellington Global Health Care Long-Short Fund**

(denominated in US Dollars)

The investment objective of the Fund is to seek long-term capital appreciation.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing via long and short positions primarily in the equity and equity related securities of companies that derive a major portion of profits or anticipated profits from the health care or related sectors globally.

The Fund’s investment approach is based primarily on proprietary, bottom-up fundamental research conducted by the Investment Manager’s global health care team and global industry analysts. The Fund is managed using a team-based approach in which specialist Fund managers generate investment ideas within an assigned investment universe corresponding to their specific areas of expertise within health care. The Fund seeks to invest in attractively valued companies with differentiated products and services that materially enhance the current standard of care or offer more efficient ways of delivering health care to

consumers. The Fund will establish short positions in companies or sectors deemed unattractive by the portfolio management team. The Investment Manager may also use short positions to hedge market volatility.

Health care sub-sectors, market capitalisations and geographic exposures are unconstrained and will fluctuate based on the Investment Manager's views of market opportunities. The Fund will invest in pharmaceutical, biotechnology, medical technology and health services companies and related sectors globally, which may from time to time include exposure to emerging markets. The Fund will typically include securities of issuers with market capitalisations in excess of USD500 million at the time of initial investment. At times, the Fund's assets may be concentrated in one or more health care sub-sectors. The Fund will employ leverage, through FDIs, such that its total gross exposure (i.e. long exposure plus absolute value of short exposure) will typically exceed 100% of net assets. At other times, for defensive purposes, the Fund may maintain a low total gross exposure and hold a significant portion of its assets in cash, deposits or Money Market Instruments. The Fund's overall net exposure will fluctuate based on the Investment Manager's views of market opportunities, but it is expected the Fund will typically be net long.

The Fund will primarily invest, directly or indirectly through the use of FDIs within the meaning of article 8 of the Grand Ducal regulation dated 8 February 2008, in equity and other securities with equity characteristics. These may include, but are not limited to, shares, preferred stock, warrants, dividend-right certificates, shares of closed-ended REITs and depositary receipts qualifying as transferable securities within the meaning of article 41(1) of the 2010 Law, exchange-traded funds and other UCIs. It may also invest in other securities where the Investment Manager perceives there are opportunities to enhance capital appreciation, including but not limited to, debt, interest rate and credit securities, currencies, convertible bonds, indices, cash and cash equivalents, as deemed by the Investment Manager to be consistent with the investment approach. Long and short positions will be established in exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law for both hedging and investment purposes. No more than 5% of net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund may buy and sell exchange-traded and over the counter derivative instruments for investment purposes and for efficient portfolio management, including hedging against risk, including swaps, futures, options, forwards and other UCITS-eligible derivatives. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy. Long positions may be held through a combination of direct investment and/or derivative instruments, and short positions will be held through derivative positions. The use of derivatives forms an important part of the investment strategy and the Fund is expected to have significant exposures to cash and/or liquid fixed income securities for collateral purposes.

An absolute VaR approach is applied to monitor and measure global exposure. The Fund's VaR is limited to 20% of the Fund's net asset value. It is expected that the Fund will generally incur leverage at a rate of between 0% - 300% of net asset value through the use of FDIs although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

**Wellington Global Innovation Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term capital appreciation.



The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing primarily in equity securities issued by companies worldwide, including emerging markets.

The Fund's investment approach is based on the view that investment opportunities can be found independent of global growth and the economic cycle by focusing on i) innovative companies that the Investment Manager believes have the potential to create new or disrupt existing industries, and ii) secular trends/structural growth opportunities. The investment process involves ongoing collaboration with the Investment Manager's global industry analysts to identify areas of innovation and high potential for growth within their industries. The Fund's holdings are selected based on rigorous bottom up fundamental research, in addition to consideration of the impact of macroeconomic trends, such as consolidation, regulation and industry convergence, that can influence future investment returns. The investment strategy for the Fund focuses on a long time horizon (up to 10 years) as many of the investment themes may be nascent and take time to develop.

Although the Fund is not constructed relative to a benchmark, the MSCI All Countries World Index (the "Index") will serve as a reference benchmark and is used to provide market context. The Index is market capitalisation weighted and is designed to measure equity market performance of developed and emerging markets.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITS, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)).

The Fund may also invest in other securities, including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund may buy and sell exchange-traded and over-the-counter FDIs including swaps, futures, options, forwards and other UCITS-eligible FDIs, for investment purposes and for efficient portfolio management, including hedging against risk. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its investment objective and policy.

The Fund invests in an unconstrained manner and may at times be concentrated by geographical region or industry sector. The Fund may invest in securities of small and mid-cap companies, as well as large cap companies, and the Fund characteristics may vary widely as investment themes and stock selections change. The Fund will be denominated in US Dollars but may have exposure to various currencies and will not normally be hedged against currency fluctuations, however the Investment Manager may employ currency hedging to seek to protect or enhance the value of the Fund's holdings when it believes it is advisable to do so.

**The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.**

**Wellington Global Opportunities Equity Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund against the MSCI All Country World Index (the "Index"), seeking to achieve the objective by principally investing in equity securities issued by companies worldwide. The Index is market capitalisation weighted and designed to measure the equity market performance of developed and emerging markets.

The Fund's investment approach is based on bottom-up, fundamental research. The Investment Manager builds on the extensive research resources of the Investment Manager to develop insights about companies, utilising a clear understanding of industry and macroeconomic trends. The Fund will be well diversified, and will generally invest in mid to large capitalisation companies.

The Fund will invest, either directly or indirectly, in equity and other securities with equity characteristics, including, for example, shares, preferred stock, warrants, dividend-right certificates, shares of REITs constituted as Closed End Funds and depositary receipts issued by companies worldwide.

The Fund may also invest in other securities, including, for example, convertible bonds, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law, and debt securities (not exceeding 20% of the net assets of the Fund), cash and cash equivalents, and derivatives for investment purposes and for efficient portfolio management including hedging against risk, all as deemed by the Investment Manager to be consistent with the investment discipline. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations although the Investment Manager may employ currency hedging to seek to protect or enhance the US Dollar value of the Fund's holdings when it believes it is advisable to do so.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund's VaR is limited by twice the VaR of a reference portfolio, being the Index.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 50% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

**Wellington Global Quality Growth Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund against the MSCI All Country World Index (the "Index"), seeking to achieve the objective by investing primarily in equity securities issued by companies worldwide. The Index is market capitalisation weighted and designed to measure the equity market performance of developed and emerging markets.

The Fund's investment approach emphasises a balance of growth, valuation, capital return and quality criteria in selecting stocks. The Investment Manager employs a bottom-up investment approach and security selection is unconstrained by country, sector or industry.

The Fund may invest in common stock and depositary receipts, real estate securities, preferred stock, rights, warrants, exchange-traded funds (“ETFs”), as well as debt securities, including convertible bonds, cash and cash equivalents and derivative instruments issued by companies worldwide. No more than 5% of net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes.

For investment purposes and for efficient portfolio management, including hedging against risk, the Fund may invest in ETFs and derivative instruments, including, but not limited to, forward contracts, futures contracts, options contracts and swaps. In addition, in order to gain efficient investment exposure to issuers in certain countries or geographic regions, the Fund may invest in market-access products. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also “Risks linked with dealing in securities in China via Stock Connect”).

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although currency hedging may be employed to seek to protect or enhance investments at the discretion of the Investment Manager.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund’s VaR is limited by twice the VaR of a reference portfolio, being the Index.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 30% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Wellington Global Research Equity Fund** (denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to outperform the MSCI World Index (the “Index”) and achieve the objective by primarily investing in equity securities issued by companies worldwide. The Index is market capitalisation weighted and is designed to measure equity market performance of developed markets.

The Fund will be actively managed by the global industry analysts in the research department of the Investment Manager, under the oversight of both the director of global industry research, who is responsible for management of the research department, and the director of research portfolios, who manages overall risk and coordinates Fund allocations to each global industry analyst. The investment approach uses bottom-up stock selection based on fundamental research, with both the country allocation and the selection of individual companies at the discretion of the individual global industry analysts.

The Fund’s securities will generally be components of the Index but are expected to have different weightings, however individual global industry analysts may also invest in companies not included in the Index at their discretion. The allocation to each individual global industry analyst will typically align to the Index weighting for the industry they cover, such that the industry weightings of the Fund remain similar to those of the Index. This generally removes the Fund’s ability to outperform the Index through industry overweight or underweight decisions, and therefore, it is expected that the analysts’ country allocation and stock selection decisions will be responsible for achieving long-term total returns in excess of the Index and/or producing performance that is different from the Index.

The Fund, over time, will be diversified by issuer relative to the global equity market and will not be oriented towards any particular investment style (e.g. growth, value, small companies); its characteristics, including country exposure, will reflect the nature of the underlying stock selections. Turnover is expected to be moderate to high.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITs, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)).

The Fund may also invest in other securities, including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline. No more than 5% of the net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also “Risks linked with dealing in securities in China via Stock Connect”).

The Fund may buy and sell exchange-traded and over-the-counter FDIs including swaps, futures, options, forwards and other UCITS-eligible FDIs, for investment purposes and for efficient portfolio management, including hedging against risk. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its investment objective and policy.

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations although the Investment Manager may employ currency hedging to seek to protect or enhance the US Dollar value of the Fund’s holdings when it believes it is advisable to do so.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund’s VaR is limited by twice the VaR of a reference portfolio, being the Index.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 30% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

**Wellington Global Select Capital Appreciation Equity Fund**  
(denominated in US Dollars)

The investment objective of the Fund is to seek long-term capital appreciation.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by principally investing in equity securities issued by companies worldwide that the Investment Manager believes have significant capital appreciation potential.

The Investment Manager’s investment approach is based primarily on proprietary, bottom-up fundamental research conducted by the Investment Manager’s capital appreciation team and global industry analysts. The Investment Manager’s security selection is unconstrained as to style, region, country, sector, industry or market capitalisation. The Fund will include securities of small and mid-cap companies, as well as large cap companies. Fund characteristics may vary widely as investment strategies and stock selections change.

The Fund will invest, either directly or indirectly, in equity and other securities with equity characteristics, including, for example, shares, preferred stock, warrants, dividend right certificates, shares of REITs constituted as Closed End Funds and depositary receipts, issued by companies worldwide.

The Fund may also invest in other securities, including, for example, convertible bonds, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law, and debt securities (not exceeding 20% of the net assets of the Wellington Global Select Capital Appreciation Equity Fund), cash and cash equivalents, and derivative instruments for investment purposes and for efficient portfolio management, including hedging against risk, all as deemed by the Investment Manager to be consistent with the investment discipline. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations although the Investment Manager may employ currency hedging to seek to protect or enhance the US Dollar value of the Fund's holdings when it believes it is advisable to do so.

The global exposure for this Fund is calculated according to the commitment methodology. The global exposure generated through the use of financial derivative instruments is limited to 100% of Net Asset Value of the Fund when calculated using the commitment methodology.

#### **Wellington Strategic European Equity Long-Short Fund** (denominated in Euros)

The investment objective of the Fund is to seek long-term capital appreciation.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing via long and short positions primarily in equity and equity related securities of companies incorporated or operating in developed European markets. The Fund will primarily focus on Europe although it has the flexibility to invest globally, in both developed and emerging markets.

The Fund's investment approach is based primarily on proprietary, bottom-up fundamental research conducted by the Investment Manager. The Investment Manager will establish long positions in companies where a structural growth driver has been identified, a strong competitive advantage has been established and where the relative valuation is attractive. Conversely, short positions will be established where the Investment Manager believes companies are overvalued due to a lack of these attributes. The Investment Manager may also use short positions to hedge market volatility.

Sector and market capitalisation exposures are unconstrained and will fluctuate based on the Investment Manager's views of market opportunities. At times, the Fund's assets may be concentrated in one or more sectors. The Fund will typically include securities of companies with market capitalisations in excess of USD500 million at the time of initial investment. The Fund will employ leverage, through FDIs, such that its total gross exposure (i.e. long exposure plus absolute value of short exposure) will typically exceed 100% of net assets. At times, for defensive purposes, the Fund may maintain a low gross exposure and hold a significant portion of its assets in cash, deposits or Money Market Instruments. The Fund's overall net exposure will fluctuate based on the Investment Manager's views of market opportunities, but it is expected the Fund will typically be net long.

The Fund will primarily invest, directly or indirectly through the use of FDIs within the meaning of article 8 of the Grand Ducal regulation dated 8 February 2008, in equity and other securities with equity characteristics. These may include, but are not limited to, shares, preferred stock, warrants, dividend-right certificates, shares of closed-ended REITs and depositary receipts qualifying as transferable securities

within the meaning of article 41(1) of the 2010 Law, exchange-traded funds and other UCIs. It may also invest in other securities where the Investment Manager perceives there are opportunities to enhance capital appreciation including, but not limited to, debt, interest rate and credit securities, mortgage-backed and asset-backed securities (however for a percentage not exceeding 20% of the Fund's net assets), commodities (in particular through eligible financial indices within the meaning of article 9 of the Grand Ducal regulation dated 8 February 2008 or eligible transferable securities within the meaning of article 41(1) of the 2010 Law not embedding any derivatives), currencies, convertible bonds, indices, cash and cash equivalents, as deemed by the Investment Manager to be consistent with the investment approach. The Investment Manager will not acquire physical commodities directly, nor will it invest directly in any derivative that has physical commodities as an underlying asset. Long and short positions may be established in exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law, for both hedging and investment purposes. The Fund may hold private placements, comprising those issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)). No more than 5% of net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes.

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments for investment purposes and for efficient portfolio management including hedging against risk, including swaps, futures, options, forwards and other UCITS-eligible derivatives. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy. Long positions may be held through a combination of direct investment and/or derivative instruments, and short positions will be held through derivative positions. The use of derivatives forms an important part of the investment strategy and the Fund is expected to have significant exposures to cash and/or liquid fixed income securities for collateral purposes.

An absolute VaR approach is applied to monitor and measure global exposure. The Fund's VaR is limited to 20% of the Fund's net asset value.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 400% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Wellington US Equity Long-Short Fund** (denominated in US Dollars)

The investment objective of the Fund is to seek long-term capital appreciation.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing via long and short positions primarily in the equity and equity related securities of companies incorporated or exercising a predominant part of their economic activities in the US. The Fund will primarily focus on the US although it has the flexibility to invest globally, including emerging markets.

The Fund's investment approach is based primarily on proprietary, bottom-up fundamental research conducted by the Investment Manager, but may also be informed by top-down themes. The Fund will establish long positions in companies or sectors with expected high appreciation potential, and short positions in companies or sectors deemed unattractive by the Investment Manager. The Investment Manager may also use short positions to hedge market volatility.

Sector and market capitalisation exposures are unconstrained and will fluctuate based on the Investment Manager's views of market opportunities. The Fund will typically include securities of issuers with market

capitalisations in excess of USD500 million at the time of initial investment. The Fund may participate in initial public offerings below this threshold. At times, the Fund's assets may be concentrated in one or more sectors. The Fund will employ leverage, through FDIs, such that its total gross exposure (e.g. long exposure plus absolute value of short exposure) will typically exceed 100% of net assets. At other times, for defensive purposes, the Fund may maintain a low total gross exposure and hold a significant portion of its assets in cash, deposits or Money Market Instruments. The Fund's overall net exposure will fluctuate based on the Investment Manager's views of market opportunities, but it is expected the Fund will typically be net long.

The Fund will primarily invest, directly or indirectly through the use of FDIs within the meaning of article 8 of the Grand Ducal regulation dated 8 February 2008, in equity and other securities with equity characteristics. These may include, but are not limited to, shares, preferred stock, warrants, dividend-right certificates, shares of closed-ended REITS and depositary receipts qualifying as transferable securities within the meaning of article 41(1) of the 2010 Law, exchange-traded funds and other UCIs. It may also invest in other securities where the Investment Manager perceives there are opportunities to enhance capital appreciation, including, but not limited to, debt, interest rate and credit securities, mortgage-backed and asset-backed securities (however for a percentage not exceeding 20% of the Fund's net assets), commodities (in particular through eligible financial indices within the meaning of article 9 of the Grand Ducal regulation dated 8 February 2008 or eligible transferable securities within the meaning of article 41(1) of the 2010 Law not embedding any derivatives), currencies, convertible bonds, indices, cash and cash equivalents, as deemed by the Investment Manager to be consistent with the investment approach. The Investment Manager will not acquire physical commodities directly, nor will it invest directly in any derivative that has physical commodities as an underlying asset. Long and short positions will be established in exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law, for both hedging and investment purposes. No more than 5% of net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes. The Fund may invest up to 10% of net asset value in China A Shares traded via Stock Connect (see also "Risks linked with dealing in securities in China via Stock Connect").

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments for investment purposes and for efficient portfolio management, including hedging against risk, including swaps, futures, options, forwards and other UCITS-eligible derivatives. Where the Fund uses total return swaps, the underlying will consist of instruments in which the Fund may invest according to its investment objective and policy. Long positions may be held through a combination of direct investment and/or derivative instruments, and short positions will be held through derivative positions. The use of derivatives forms an important part of the investment strategy and the Fund is expected to have significant exposures to cash and/or liquid fixed income securities for collateral purposes.

An absolute VaR approach is applied to monitor and measure global exposure. The Fund's VaR is limited to 20% of the Fund's net asset value.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 300% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be exceeded. Leverage is calculated as the sum of the notionals of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Wellington US Research Equity Fund** (denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund, seeking to outperform the S&P 500 Index (the "Index") and achieve the objective by primarily investing in equity securities issued by companies incorporated or exercising a predominant part of their economic activities in the US. The Fund may also invest up to 10% of the Fund's assets in non-US companies. The Index is a market capitalisation weighted index of 500 stocks and is designed to measure equity market performance of US companies.

The Fund will be actively managed by the global industry analysts in the research department of the Investment Manager, under the oversight of both the director of global industry research, who is responsible for management of the research department, and the director of research portfolios, who manages overall risk and coordinates Fund allocations to each global industry analyst. The investment approach uses bottom-up stock selection based on fundamental research, with the selection of individual companies at the discretion of the individual global industry analysts.

The Fund's securities will generally be components of the Index but are expected to have different weightings, however individual global industry analysts may also invest in companies not included in the Index at their discretion. The allocation to each individual global industry analyst will typically align to the Index weighting for the industry they cover, such that the industry weightings of the Fund remain similar to those of the Index. This generally removes the Fund's ability to outperform the Index through industry overweight or underweight decisions, and therefore, it is expected that the analysts' stock selection decisions will be responsible for achieving long-term total returns in excess of the Index and/or producing performance that is different from the Index.

The Fund, over time, will be diversified by issuer relative to the US equity market and will not be oriented towards any particular investment style (e.g. growth, value, small companies); its characteristics will reflect the nature of the underlying stock selections. Turnover is expected to be moderate to high.

The Fund will primarily invest, directly or indirectly through the use of FDIs, in equity and other securities with equity characteristics. These may include, but are not limited to, common stocks, depository receipts (such as ADRs, GDRs and European depository receipts), market access products (including warrants on equities, options on equities and equity swaps), preferred stock, warrants, dividend-right certificates, shares of closed-ended REITS, exchange-traded funds and other UCIs. The Fund may also hold securities issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)).

The Fund may also invest in other securities, including, for example, exchange-traded funds qualifying as UCIs within the meaning of the 2010 Law and cash and cash equivalents, all as deemed by the Investment Manager to be consistent with the investment discipline. No more than 5% of the net asset value of the Fund will be invested in non-listed and non-traded collective investment schemes.

The Fund may buy and sell exchange-traded and over-the-counter FDIs including swaps, futures, options, forwards and other UCITS-eligible FDIs, for investment purposes and for efficient portfolio management, including hedging against risk. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its investment objective and policy.

The Fund will be denominated in US Dollars and normally will not be hedged against currency fluctuations, although the Investment Manager may employ currency hedging to seek to protect or enhance the value of the Fund's holdings when it believes it is advisable to do so.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund's VaR is limited by twice the VaR of a reference portfolio, being the Index.

It is expected that the Fund will generally incur leverage at a rate of between 0% - 30% of net asset value through the use of FDIs, although it is possible that under certain circumstances this level might be



exceeded. Leverage is calculated as the sum of the notional of the FDIs and does not include the underlying investments of the Fund which make up 100% of total net assets. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Fixed Income Funds**

#### **Wellington Global Total Return Fund (UCITS)**

(denominated in US Dollars)

The investment objective of the Fund is to seek absolute returns above a cash benchmark over the medium to long term.

The Investment Manager will actively manage the Fund, seeking to achieve the objective by investing, either directly or indirectly, in a range of fixed income asset classes.

The ICE Bank of America Merrill Lynch USD LIBOR 3-Month Constant Maturity Total Return Index (the "Index") will serve as the cash benchmark and is used to calculate the performance fee as disclosed in the relevant performance fee section. The Index is based on the assumed purchase of a synthetic instrument having 3 months to maturity and with a coupon equal to the closing quote for 3-Month LIBOR. That issue is sold the following day (priced at a yield equal to the current day closing 3-Month LIBOR rate) and is rolled into a new 3-Month instrument. The Index, therefore, will always have a constant maturity equal to exactly 3 months.

The Fund allocates its assets across multiple fixed income alpha sources, such as fundamentally-based macro, model-based quantitative and bottom-up credit. Alpha sources may be added or eliminated by the Investment Manager in the future without advance Unitholder notice or approval.

The Investment Manager looks to identify a diversified set of independent investment ideas, to efficiently allocate capital to those investment ideas and to manage portfolio risk within a multi-manager team construct. The combination of independent alpha sources will be diversified across investment styles (e.g. fundamental versus quantitative), market sectors, investment themes, strategies and time horizons, ensuring that the Fund is not dependent upon any single source to drive returns.

Allocations to each alpha source are sized to meet the return objective, risk tolerance, and guidelines of the aggregate Fund. The impact of each investment strategy on the Fund's aggregate risk profile is individually and collectively evaluated, with special attention paid to its correlation with other investment strategies and contribution to macro factor sensitivities.

The Fund will invest primarily in debt instruments issued by government, agency, and supranational issuers; mortgage-, commercial mortgage-, and asset-backed securities; corporate and real estate investment trusts (REITs) (constituted as Closed End Funds) debt; credit-linked, index-linked, convertible and capital securities; as well as other debt securities, both fixed- and floating-rate, including forward contracts on such securities. These debt obligations may be denominated in US Dollars or other currencies. Further these debt obligations may include investments in contingent capital and contingent convertible securities ("CoCos" as defined in the Glossary) but any such exposures will not exceed 10% of the net asset value of the Fund. The Fund may hold equity securities, where they are the result of a corporate action or debt restructuring. The Fund may also hold cash and cash equivalents in multiple currencies without restriction. Repurchase, reverse repurchase, and dollar roll transactions are permitted. The Fund may also hold private placements, including those issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 (as amended)), and other restricted securities which contain commitments to register to trade publicly within

12 months or the liquidity of which is deemed appropriate by the Investment Manager. The Fund will not invest in the securities of any issuers involved in the production of tobacco.

The Fund may buy and sell exchange-traded and over-the-counter derivative instruments, including interest rate, credit, index, and currency futures; currency, interest rate, total rate of return, and credit default swaps; currency, bond, and swap options; deliverable and non-deliverable currency forward contracts; warrants; “to-be announced” (TBA) securities qualifying as Transferable Securities in compliance with Luxembourg law; and other derivative instruments, and may hold outright short positions via derivative instruments for hedging purposes and otherwise in pursuit of the Fund’s investment objective.

The approach uses a wide range of FDIs to implement active positions and for hedging purposes. Primary derivative instruments employed to express interest rate and credit strategies include bond futures, bond forwards, interest rates swaps and credit default swaps. Primary derivative instruments employed to express currency strategies include currency forwards and options.

Typical positions expressing the interest rate and credit strategies will involve either outright or relative value exposure on a given government or credit issuer or interest rate. Long interest rate and credit exposures are achieved mainly through buying securities or by gaining similar exposure through the use of a derivative instrument such as a bond future, interest rate swap or credit default swap. Short interest rate exposures in the investment process are achieved through the use of FDIs such as bond futures, bond forwards and interest rate swaps. Typical positions expressing the Investment Managers currency strategies will involve long exposure in one currency and subsequent short exposure in another currency. Long and short currency exposure is achieved mainly through the use of FDIs such as currency forwards and currency options. The use of liquid derivative instruments to express these positions can lead to significant gross leverage exposure, particularly when the derivative usage requires high levels of notionals to build the desired level of exposure.

The Fund’s investments will represent a broad credit spectrum, including issues rated below investment-grade. Mortgage-, commercial mortgage-, and asset-backed securities only will be acquired if rated at least investment grade, e.g. Baa3 by Moody’s, BBB- by S&P, or BBB- by Fitch or an equivalent internal rating by the Investment Manager. In case of two different ratings, the higher rating shall be decisive. In case of three or more different ratings, the higher rating of the two best ratings shall be decisive. The Investment Manager will under no circumstances rely exclusively or automatically on external ratings in determining the credit risk of a financial instrument, and in addition the Investment Manager will perform its own credit assessment with respect to each investment.

Any securities which fall below the minimum required rating following acquisition will be sold within six months from the downgrading, unless the rating is upgraded within that period.

Net exposure to mortgage-backed securities and asset-backed securities combined will not represent more than 20% of Fund assets at the time of purchase.

Net Credit Exposure to securities within the ranges of Baa1-Baa3 for Moody’s, or BBB+ and BBB- for S&P and Fitch will not represent more than 50% of Fund assets at the time of purchase. This restriction does not apply to securities issued or guaranteed by member countries of the OECD and/or securities issued by their agencies, government-sponsored corporations, or subdivisions thereof; or by supranational community, regional, or world institutions and organisations. Net Credit Exposure to securities rated below investment-grade will not represent more than 20% of Fund assets at the time of purchase. The Fund may invest up to 15% of net assets in securities traded in China via Bond Connect (see also “Risks linked with dealing in securities in China via Bond Connect”).

The Fund will be denominated in US Dollars. Currency exposure will be taken on an opportunistic basis. Currency exposure including cross-currency positions, which are not related to the Fund's bond and cash equivalent positions, may be assumed.

An absolute VaR approach is applied to monitor and measure global exposure. The Fund's VaR is limited to 20% of the Fund's net asset value.

On average the expected leverage will generally be around 2000% of net asset value through the use of FDIs, but may be above this on an exceptional basis in particular due to high numbers of offsetting positions or temporary investments in short term interest rates via derivatives. In order to be consistent with current regulatory guidance on leverage disclosure, leverage is calculated as the sum of all the notionals of all FDIs. This calculation includes the notional exposure associated with FDIs but does not include the underlying investments of the Fund which make up 100% of total net assets. Where FDIs are used for hedging purposes or are themselves hedged against equal and opposite trades, the sum of gross notional values of FDIs may not reflect the true economic risk of the Fund. Due to the high leverage of this Fund, unitholders should also refer to the relevant risk warnings in the sections "Risk Factors" and "All Funds". Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

### **Wellington Opportunistic Emerging Market Debt II Fund** (denominated in US Dollars)

The investment objective of the Fund is to seek long-term total returns.

The Investment Manager will actively manage the Fund against the JP Morgan Emerging Markets Bond Index Global ex CCC (the "Index"), seeking to achieve the objective primarily through investment in a diversified portfolio of emerging markets debt securities and currency instruments. The Index tracks total returns for US Dollar-denominated debt instruments, both fixed and floating, issued by emerging market sovereign and quasi-sovereign entities that are rated above CCC.

The Fund will invest either directly or indirectly through FDIs; FDIs will primarily provide exposure to emerging markets, fixed income securities and currencies, and may be used for both investment purposes and for efficient portfolio management including hedging against risk. The Fund may invest, in the same manner, in bonds issued by sovereign, quasi-sovereign agency, supranational and sub national government issuers; mortgage-, commercial mortgage-, and asset-backed securities; corporate debt; convertible securities, loan participation securities that qualify as an eligible investment for the Fund; sukuk (financial instruments with cash flows similar to conventional bonds that are structured to comply with Islamic law), global depository notes, warrants and credit and index linked securities (which are debt securities of companies whose interest payments and/or payment at maturity depend on the performance of one or more underlying credit exposures or market indices). These debt obligations may include investments in contingent capital and contingent convertible securities ("CoCos" as defined in the Glossary) but any such exposures will not exceed 10% of the net asset value of the Fund. A particular credit-linked security's underlying credit exposure may be to a sovereign, quasi-sovereign or corporate issuer. Underlying index exposures may be to an index tied to a country's economic exposure, debt or currency. In each case, the underlying credit or index exposure will be consistent with the Fund's investment objective and policies. The Fund may also invest in structured notes (such structured notes shall give exposure to underlying fixed income securities on an unleveraged basis), market-access products as well as other debt securities issued by public or private issuers, both fixed-and floating rate, including forward contracts on such securities and forward rate agreements. The Fund may hold equity securities, where they are the result of a corporate action or debt restructuring.

Currency exposure to multiple currencies will be taken on an opportunistic basis. Currency exposure to both emerging markets and developed countries, including cross-currency positions, which are not related to the Fund's bond and cash equivalent positions, will be assumed.

The Fund generally will be diversified by country, currency and issuer but may hold concentrated positions from time to time. Exposure to a single sovereign issuer may not exceed 20% of Fund assets at time of purchase. Exposure to a single non-government issuer may not exceed 5% of Fund assets at the time of purchase. The Fund may invest up to 20% of net assets in securities traded in China via Bond Connect (see also "Risks linked with dealing in securities in China via Bond Connect").

Furthermore, net exposure to mortgage-backed securities and asset-backed securities combined will not represent more than 20% of Fund assets at the time of purchase.

Investments will be drawn from the broad credit spectrum. The Fund may acquire securities, including credit linked notes or mortgage-, commercial mortgage- and asset-backed securities if rated at least investment grade, e.g. Baa3 by Moody's, BBB- by S&P, or BBB- by Fitch, or an equivalent internal rating by the Investment Manager. High-yield securities may be acquired if they have a rating of at least speculative grade, e.g. B3 by Moody's, B- by S&P, or B- by Fitch, or an equivalent internal rating by the Investment Manager. In case of two different ratings, the lower rating shall be decisive. In case of three or more different ratings, the lower rating of the two best ratings shall be decisive. The Investment Manager will under no circumstances rely exclusively or automatically on external ratings in determining the credit risk of a financial instrument, and in addition the Investment Manager will perform its own credit assessment with respect to each investment.

Any securities which fall below the minimum required rating following acquisition may continue to be held provided that any such downgraded securities do not in aggregate exceed 3% of the net asset value of the Fund. Otherwise they will be sold within six months from the downgrading, unless the rating is upgraded within that period.

A relative VaR approach is applied to monitor and measure the global exposure. The Fund's VaR is limited by twice the VaR of a reference portfolio, being the Index.

The use of financial derivative instruments will result in the creation of leverage. The level of leverage (calculated as the sum of all the gross notionals of all FDIs but not including the underlying investments of the Fund which make up 100% of total net assets) is not expected to be in excess of 200% of the net asset value under normal circumstances (largely due to the use of forward contracts for currency hedging purposes), but investors should note the possibility of higher levels of leverage in certain circumstances. In order to be consistent with current regulatory guidance on leverage disclosure, these figures are calculated using the sum of the gross notional of each FDIs. Where FDIs are used for hedging purposes or are themselves hedged against equal and opposite trades, this calculation may not reflect the true economic risk of the Fund. If the expected level of leverage were calculated on this basis (taking into account any netting of foreign exchange forward contracts) the level of leverage would be expected to be significantly lower and generally between 0 - 200% of the net asset value. Further information on leverage and its calculation can be found in the All Funds section entitled Leverage.

## **All Funds**

### **Currency Transactions**

A Fund may invest in securities denominated both in its Base Currency and other currencies. Currency may be hedged on an opportunistic basis.

In addition, in the case of each Hedged Unit Class, the Investment Manager will seek to hedge the Dealing Currency against the Base Currency and/or other currencies in which the assets of the relevant Fund may be denominated.

### **Financial Derivative Instruments and Other Techniques and Instruments**

A Fund may seek to protect the value of its investments through hedging strategies consistent with its investment objectives, or seek to equitise cash, by investing in financial derivative instruments dealt on a Regulated Market or on an Other Regulated Market and/or financial derivative instruments dealt in over-the-counter, and/or by utilising techniques and instruments such as repurchase agreement transactions and securities lending and borrowing. A Fund may also invest in financial derivative instruments and/or use techniques and instruments for investment purposes.

### **Transferable Securities and Money Market Instruments**

From time to time, certain Funds may be exposed to the performance of Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, its local authorities, non-EU Member States or public international bodies of which one or more EU Member States are members (an "Issuer"). In such instances, the relevant Fund may have an exposure of in excess of 35% of its Net Asset Value to the Transferable Securities or Money Market Instruments. In all instances, the diversification requirements as set out in Appendix A, section C a) (6) applicable to such instruments shall be adhered to.

## **Cluster Munitions**

Luxembourg approved and implemented the United Nations Convention on Cluster Munitions through the Law of 4 June 2009. Pursuant to the Law of 4 June 2009 it is prohibited for all legal persons or businesses or corporate entities to knowingly finance cluster munitions. Accordingly, the Management Company has adopted a policy designed to prohibit the investment by the Umbrella Fund in companies whose business involves the manufacture of cluster munitions or sub-munitions.

## **Profile of the typical investor**

The Funds are suitable for investors seeking long term total or absolute return through investment in a portfolio of equities, fixed income or currency investments and who are aware of the risks and volatility of such investments. The investor must have experience with volatile products and be able to accept the possibility of capital losses. Thus the Funds are only intended for investors who can afford to set aside invested capital for a number of years.

## **Credit Rating**

The Investment Manager will under no circumstances rely exclusively or automatically on external ratings in determining the credit risk of a financial instrument, and in addition the Investment Manager will perform its own credit assessment with respect to each investment.

## **Leverage**

Funds using a VaR approach to calculating their global exposure also disclose the expected range of their levels of leverage. This range is an indicative range and not a regulatory limit. A Fund's level of leverage may exceed the top end of the range from time to time as long as the Fund remains within its risk profile and complies with the applicable VaR limit. The actual level of leverage over the previous financial year for any Fund is disclosed in the annual report of the Funds.

Leverage is a measure of FDIs usage and the reinvestment of collateral in relation to efficient portfolio management transactions. It is calculated at the sum of notionals of all FDIs contracts entered into by the Fund expressed as a percentage of the Fund's net asset value and any additional leverage generated by the reinvestment of collateral in relation to efficient portfolio management transactions.

In certain circumstances higher leverage may increase the volatility of the value of the relevant Fund and thus the exposure to capital risks. That said, the leverage calculation methodology does not distinguish between FDIs used for investment and those used for hedging purposes such that strategies aiming to reduce risk will contribute to an increased level of leverage for the Fund; nor does the methodology allow netting of FDIs positions such that FDIs roll-overs and combinations of long-short positions contribute to a significant increase in the level of leverage even though they do not increase or only cause a moderate increase in risk to the Fund; and nor does the methodology take into account the underlying assets' volatility or draw a distinction between long-dated and short-dated assets such that a Fund that has a high level of leverage may not necessarily be riskier than a Fund that has a lower level of leverage. In certain circumstances (such as when the Fund experiences a large redemption) this Fund may have a higher than expected number of offsetting foreign exchange forward contracts; this can temporarily lead to an inflated level of leverage when measured using the sum of the notionals approach. The level of leverage as indicated for each Fund could be higher for Unit Classes which are Hedged Unit Classes.

## **RISK FACTORS**

THE NET ASSET VALUE OF THE UNITS OF A FUND WILL FLUCTUATE AND MAY BE WORTH MORE OR LESS THAN THE ACQUISITION PRICE WHEN REDEEMED OR SOLD. THERE IS NO ASSURANCE THAT A FUND'S INVESTMENT OBJECTIVES WILL BE ACHIEVED.

THE DISCUSSION BELOW IS OF GENERAL NATURE AND IS INTENDED TO DESCRIBE VARIOUS RISK FACTORS WHICH MAY BE ASSOCIATED WITH AN INVESTMENT IN THE UNITS OF A FUND. THE FOLLOWING ARE A NUMBER OF RISK FACTORS WHICH MAY BE ASSOCIATED WITH AN INVESTMENT IN THE UNITS OF A FUND TO WHICH THE ATTENTION OF INVESTORS IS DRAWN. HOWEVER, THESE ARE NOT INTENDED TO BE EXHAUSTIVE AND THERE MAY BE OTHER CONSIDERATIONS THAT SHOULD BE TAKEN INTO ACCOUNT IN RELATION TO AN INVESTMENT.

INVESTORS SHOULD CONSULT THEIR OWN ADVISERS BEFORE CONSIDERING AN INVESTMENT IN THE UNITS OF A PARTICULAR FUND. WHAT FACTORS WILL BE OF RELEVANCE TO THE UNITS OF A PARTICULAR FUND WILL DEPEND UPON A NUMBER OF INTERRELATED MATTERS INCLUDING, BUT NOT LIMITED TO, THE NATURE OF THE UNITS AND THE UNDERLYING INVESTMENTS AND ASSETS OF EACH FUND.

NO INVESTMENT SHOULD BE MADE IN THE UNITS OF A PARTICULAR FUND UNTIL CAREFUL CONSIDERATION OF ALL THOSE FACTORS HAS BEEN MADE.

### ***Cash Flows***

Each Fund accepts subscriptions on a regular basis and fulfills redemption requests in accordance with the Prospectus. As a result, a Fund may experience significant expected and actual inflows and outflows of cash at any particular time. While each Fund seeks to manage its investment portfolio in order to minimise the impact of cash flows, depending on amounts, timing or other factors, cash flows could have a material adverse effect on a Fund's performance. A Fund may experience significant subscriptions at a time when cash may not be easily invested, resulting in higher than desired cash amounts. In addition, a Fund may be required to sell securities at disadvantageous times in order to fulfil redemption requests.

### ***Central Clearing Risk***

A central clearing counterparty (CCP) stands between over-the-counter (OTC) derivatives counterparties, insulating them from each other's default. Effective clearing seeks to mitigate systemic risk by lowering the risk that defaults propagate from counterparty to counterparty. However, the extent to which CCPs mitigate the likelihood and severity of knock-on defaults that propagate from the failure of a large counterparty is unclear.

### ***Common Reporting Standard***

The Umbrella Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax Matters and its Common Reporting Standard ("CRS") as set out in the Luxembourg law on the Common Reporting Standard (the "CRS Law").

Under the terms of the CRS Law, the Umbrella Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection

provisions as set out in the Umbrella Fund documentation, the Umbrella Fund will be required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) investors that are reportable persons under the CRS Law, and (ii) Controlling Persons (as defined below) of certain non-financial entities which are themselves reportable persons. This information, as exhaustively set out in the CRS Law, will include personal data related to the reportable persons (the “CRS Information”).

The Umbrella Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Umbrella Fund with the required CRS Information, as explained above, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the Umbrella Fund will process such CRS Information for the purposes as set out in the CRS Law. The investors undertake to inform their controlling persons, if applicable, of the processing of their CRS Information by the Umbrella Fund.

For the purposes of this section, “Controlling Person” means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Investors are further informed that the CRS Information related to reportable persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, reportable persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities. Similarly, investors undertake to inform the Umbrella Fund within thirty (30) days of receipt of these statements should any personal data not be accurate. The investors further undertake to immediately inform the Umbrella Fund of and provide the Umbrella Fund with all supporting documentary evidence of any changes related to the CRS Information after occurrence of such changes. Any investor that fails to comply with the Umbrella Fund’s CRS Information or documentation requests may be held liable for penalties imposed on the Umbrella Fund and attributable to such investor’s failure to provide the Information or subject to disclosure of the CRS Information by the Umbrella Fund to the Luxembourg tax authorities.

### ***Concentration Risk***

Concentration of investments in a relatively small number of securities, certain sectors or specific regions or countries will make a Fund susceptible to higher volatility since the value of the Fund will vary more in response to changes in the market value of these securities, sectors, regions or countries.

The portfolios of certain Funds such as the Wellington Global Health Care Equity Long-Short Fund and Wellington Asia Technology Fund, will be concentrated in the specific sectors, being the health care or technology sectors, and therefore may be subject to more rapid changes in value than would be the case if the relevant portfolio was more widely diversified among industry sectors. The securities of companies in the health care and technology sectors, especially those of smaller, research-oriented companies, tend to be more volatile than the overall market. The success of investments in the health care and technology sectors is often based upon expectations about future products, research progress, and/or new product filings with regulatory authorities. In addition, a number of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss, have limited access to capital and/or be in the developmental stages of their businesses.



The health care sector and the technology sector are subject to extensive government regulation. These industries will be affected by government regulatory requirements, regulatory approval for new drugs and medical products, patent protection considerations, product liability concerns, and similar significant matters. As these factors impact the industries, the value of the Funds whose investments are concentrated in such industries may fluctuate significantly over relatively short periods of time.

Further, many companies within the health care and technology sectors may rely on a combination of patent and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which are frequently essential to the growth and profitability. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the products of a company in which the Funds invest.

### *Convertible Securities*

The Funds may invest in convertible securities generally offering fixed interest or dividend yields which may be converted either at a stated price or stated rate for common or preferred stock. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying common or preferred stock.

Due to contingent write-down, write-off and conversion features of contingent capital and contingent convertible securities, such high-yielding instruments may have substantially greater risk than other forms of securities in times of credit stress. This means that, if a trigger level is breached, depending on the terms, the security may be automatically written-down, written-off or converted. This action could have an adverse effect on a Fund's ability to achieve its investment objective because a conversion may occur before the Fund otherwise prefer. The Fund may even suffer a complete loss with no chance of recovery even if the issuer remains in existence. Further details of risks associated with CoCos are set out below.

### *CoCos terms may vary from issuer to issuer and bond to bond and may expose investors to:*

- a) **Trigger Risk:** Under the terms of the CoCos, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCos issuer which could cause the permanent write-down to zero of principal investment and/or accrued interest, or a conversion to equity. These triggering events may include (i) a deduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio (or other capital ratios) below a pre-set limit, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", e.g. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or otherwise carry on its business and requiring or causing the conversion of the CoCos into equity in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital. Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos. Upon such occurrence, there is a risk of a partial or total loss in nominal value or conversion into the common stock of the issuer which may cause a Fund as a CoCo bondholder to suffer losses (i) before both equity investors and other debt holders which may rank *pari passu* or junior to CoCo investors and (ii) in circumstances where the bank remains a going concern.

- b) Extension Risk: There may be no incentive, in the form of a coupon step-up, for the issuer to redeem the securities issued. This would cause the securities' duration to lengthen and to expose investors to higher Interest Rate risk.
- c) Unknown Risk: Unitholders should be aware that the structure of CoCos is yet to be tested and there is some uncertainty as to how they may perform in a stressed environment. Depending on how the market views certain triggering events, as outlined above, there is the potential for price contagion and volatility across the entire asset class. Furthermore, this risk may be increased depending on the level of underlying instrument arbitrage and in an illiquid market, price formation may be increasingly difficult.
- d) Yield/Valuation Risk: It is possible in certain circumstances, e.g. issuer discretion not to pay and/or insufficient distributable profits to pay interest in full or in part, for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter, and bondholders shall accordingly have no right, whether in a liquidation, dissolution or winding-up or otherwise, to claim the payment of any foregone interest which may impact the value of the Fund.

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or that the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

- e) Capital Structure Inversion Risk: CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency and/or the access of the issuer to liquidity of the issuing financial institution.
- f) Conversion Risk/Write-Down Risk: The value of such instrument may be impacted by the mechanism through which the instruments are converted into equity or written-down, which may vary across different securities having varying structures and terms. CoCo structures may be complex and terms may vary from issuer to issuer and bond to bond.

In equity convertible CoCos, the conversion share price is important as this determines the economic loss that a Fund, as a holder of such instruments, will suffer upon conversion and may not be pre-determined. For principal write-down CoCos, write-down can be immediate and in many cases there may be a full loss with no expectation of any return of principal. Only some CoCos may be written-back up to par and even then would do so over a potentially long period of time; however even if this is possible, the issuer may be able to call such investment prior to such write-up to par resulting in a loss to the bondholder.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity. There are a number of factors which could increase the likelihood of a trigger event occurring, some of which may be outside an issuer's control. CoCos may trade differently to other subordinated debt of an issuer which does not include a write-down or equity conversion feature which may result in a decline in value or liquidity in certain scenarios. At present, the CoCo market is volatile which may impact the value of the asset.

- g) **Coupon Payment Risk:** Coupon payments may be indefinitely deferred or cancelled with no interest accumulation and potentially no restriction on the issuer to pay dividends to equity holders or coupons to bond holders which rank *pari passu* or junior to the CoCo bond holders. Coupon cancellation may be at the option of the issuer or its regulator but may also be mandatory under the European Capital Requirements Directive (CRD IV) and related applicable laws and regulation. This mandatory deferral may be at the same time that equity dividends and bonuses may also be restricted, but some CoCo structures allow the bank at least in theory to keep on paying dividends whilst not paying CoCo holders. Mandatory deferral is dependent on the amount of required capital buffers a bank is asked to hold by regulators.
- h) **Liquidity Risk:** CoCos tend to have higher price volatility and greater liquidity risk than other securities which do not expose investors to the aforementioned risks.
- i) **Industry Concentration Risk:** Concentration in investments at certain times in large positions and in a relatively limited number of securities, sectors or regions will make the Fund more subject to the risks associated with such concentration. The Fund could be subject to significant losses if it holds a relatively large position in a single strategy, issuer, industry, market or a particular type of securities that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

#### ***Correlation Risk***

Some Funds may employ an investment approach that is based on selective investment in themes or differentiated thematic research insights. The Funds could encounter higher volatility and therefore losses if themes or differentiated research insights in the Fund move in the same direction at the same time and in an unfavourable way.

#### ***Counterparty and Settlement Risk***

To the extent a Fund invests in swaps, derivative or synthetic instruments, repurchase agreements, other over-the-counter transactions or engages in securities lending, in certain circumstances, a Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of a Fund and hence a Fund should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or time problems associated with enforcing a Fund's rights to its assets in the case of an insolvency of any such party.

Further as noted under "Derivatives Generally" below, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") and the European Markets and Infrastructure Regulation ("**EMIR**") include provisions that require increased regulation of derivatives markets. Notably in relation to swaps the Dodd-Frank Act has introduced mandatory execution and clearing of certain swaps, as well as new record keeping and reporting requirements. This increased regulation, as well as the obligations of counterparties imposed by EMIR, may increase the costs of entering into certain transactions.

### *Credit Derivatives*

A Fund has the ability to buy or sell credit derivatives, examples of which include credit default swap agreements and credit-linked notes. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula.

A credit default swap agreement is structured as a swap agreement. The “buyer” in a credit default swap agreement is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the “par value” (full notional value) of the reference obligation.

The contingent payment may be a cash settlement or, where permissible, by a physical delivery of the reference obligation in return for payment of the face amount of the obligation. A Fund may be either the buyer or seller in the transaction. If a Fund is a buyer and no credit event occurs, that Fund may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and several years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation. A credit-linked note is a security that is structured by embedding a credit default swap agreement in a funded asset to form an investment that has credit risk and cash flow characteristics resembling a bond or a loan.

The market for credit derivatives may be illiquid and there are considerable risks that it may be difficult to either buy or sell the instruments as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument.

In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. The value of a credit derivative instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to such asset.

### *Cross Liability Risk*

The Umbrella Fund is structured with segregated liability between its Funds. As a matter of Luxembourg law, the assets of one Fund will not be available to meet the liabilities of another. However, the Umbrella Fund is a single entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation of liability.

### *Currency Risk*

Because each Fund may invest in securities and hold active currency positions that are denominated in currencies other than its Dealing Currency, each Fund may be exposed to currency exchange risk. For

example, changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Fund's investments to diminish or increase. Currency exchange rates may fluctuate 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 can be affected unpredictably by intervention (or the failure to intervene) by government or central banks, or by currency controls or political developments.

The Investment Manager may employ hedging strategies in accordance with the investment style of the Fund. This may include hedging the Dealing Currency against the Base Currency of the Fund or against the other currencies in which the assets of the relevant Fund may be denominated (based on either actual exposure or benchmark weights). There can be no assurance that the strategy chosen by the Investment Manager will be successful.

### *Custodial risk*

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of, legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in "book-entry" form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

### *Cyber Security Risk*

The Umbrella Fund and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (e.g. efforts to make services unavailable to intended users). Cyber security incidents affecting the Umbrella Fund, Management Company, Administration Agent, Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the ability to calculate the Net Asset Value of the Funds; impediments to trading for the Funds' portfolios; the inability of Unitholders to transact business with the Umbrella Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Funds invest, counterparties with which the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks cannot be and/or have not been identified.

### *Derivatives Generally*

There has been an international effort to increase the stability of the over-the-counter derivatives market in response to the financial crisis. In the United States, the Dodd-Frank Act includes provisions that comprehensively regulate the over-the-counter derivatives markets. In Europe, the European Parliament has adopted EMIR, a regulation on over-the-counter derivatives, central counterparties and trade repositories, which also comprehensively regulates the over-the-counter derivatives markets. These regulations will impose compliance costs on the relevant Funds. They will also increase the dealers' costs, which are expected to be passed through to other market participants in the form of higher fees and less favourable dealer marks. They may also render certain strategies in which the relevant Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. The overall impact of these regulations on the relevant Funds is unclear especially on how the over-the-counter derivatives markets will adapt to the clearing obligations, the exchange of collateral obligations and other risk mitigation techniques.

### *Duration Risk*

Duration is a measure of the expected life of a debt obligation on a present value basis. Duration takes the length of the time intervals between the present time and the time that the interest and principal payments are scheduled or, in the case of a callable bond, the time the principal payments are expected to be received, and weights them by the present values of the cash to be received at each future point in time. For debt obligations with interest payments occurring prior to the payment of principal, duration will usually be less than maturity. In general, all else being equal, the lower the stated or coupon rate of the interest of a fixed income security, the longer the duration of the security; conversely, the higher the stated or coupon rate of a fixed income security, the shorter the duration of the security. Holding long futures or call option positions will lengthen the duration of a Fund's portfolio. Holding short futures or put options will shorten the duration of a Fund's portfolio.

A swap agreement on an asset or group of assets may affect the duration of the Fund depending on the attributes of the swap. For example, if the swap agreement provides a Fund with a floating rate of return in exchange for a fixed rate of return, the duration of the Fund would be modified to reflect the duration attributes of a similar security that the Fund is permitted to buy.

There are some situations where even the standard duration calculation does not properly reflect the interest rate exposure of a security. For example, floating- and variable-rate securities often have final maturities of ten or more years; however, their interest rate exposure corresponds to the frequency of the coupon reset. Another example where the interest rate exposure is not properly captured by maturity is mortgage pass through securities. The stated final maturity of such securities is generally 30 years but current prepayment rates are more critical in determining the securities' interest rate exposure. Finally, the duration of the debt obligation may vary over time in response to changes in interest rates and other market factors.

### *Emerging Markets*

In the case of companies located in or deriving substantial revenue from emerging markets, fluctuations in value due to market, economic, political and other factors may be substantial and may be greater than would occur in similar market conditions for the equity shares of companies domiciled in OECD countries. Securities traded in certain emerging market countries may be subject to additional risks due to the inexperience of financial intermediaries, the lack of modern technology, less developed legal systems, less governmental supervision and regulation, and differences in standards for transparency of fiscal reporting and trading clearance and settlement procedures.

The small size and less developed nature of the securities markets in certain countries and the limited volume of trading in securities may make a Fund's investments illiquid and more volatile than investments

in more established markets and a Fund may be required to establish special custodial or other arrangements before making certain investments. There may be little financial or accounting information available with respect to local issuers and it may be difficult as a result to assess the value or prospects of an investment.

In addition, the settlement systems may be less developed than in more established markets, which could impede a Fund's ability to effect portfolio transactions and may result in the Fund investments being settled through a more limited range of counterparties with an accompanying enhanced credit risk. Moreover, the payment of redemptions proceeds in Funds that invest in emerging markets may be delayed.

In addition, in certain markets, local regulations may limit investment into local securities to certain qualifying foreign institutions and investors through licensing requirements and may also limit investment through quotas granted by local authorities. Potential investors should note that there is no guarantee that the Fund will benefit from quotas granted to such qualifying institutions and investors nor that, if it does, that it will always be available to the Fund. Withdrawal or failure to obtain a renewal of any such quota may have material adverse consequences to the Fund. A further consequence of investing via such quota may be that there is a limit on the amount that the Fund, and/or foreign investors as a whole, can own of the equity capital of a particular company. The actions of other foreign investors independent of the Fund can therefore impact the position of the Fund. Use of quotas often requires the transmission of funds through government designated service providers and accounts. Mandatory use of such providers may not provide a Fund with terms as advantageous as those which would be available if the selections were made on an open market basis.

Taxation of dividends and capital gains varies among countries and, in some cases, can be comparatively high. Emerging markets typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation, so that a Fund could in the future become subject to local tax liability that had not been reasonably anticipated when an investment was made.

### *Equity Securities*

Equity shares of companies will fluctuate in value due to market, economic, political and other factors. Such fluctuations may be substantial, and the fluctuation of small and mid-cap companies may be greater than would occur in similar market conditions for the equity shares of larger capitalisation companies. There is frequently less market liquidity for the shares of small and mid-cap companies than for larger capitalisation companies. In the case of securities of unseasoned early stage companies with little or no operating history, the ability to realise value is largely dependent upon successful completion of an initial public offering or the sale of the early stage company to another company, which may not occur for a period of several years after the date of such investment, or may not occur at all. The greater a Fund's exposure to small and mid-cap companies the greater the above risks may be.

### *Exchange Traded Funds*

A Fund may invest in ETFs specialised in different asset classes and sectors. Shares or units in ETFs represent interests in (i) fixed portfolios of equity shares or debt securities designed to track the price and dividend yield performance of broad-based securities indices (such as the S&P 500 or NASDAQ 100); (ii) "baskets" of industry-specific securities; or (iii) commodities. Shares or units in ETFs are traded on an exchange like equity shares in companies, and the value of such shares or units fluctuate in relation to changes in the value of the underlying asset of the ETF. However, the market price of shares or units in ETFs may not be equivalent to the pro rata value of the underlying asset of the ETF. Shares and units of ETFs are subject to the risks of an investment in a broad-based portfolio of equity shares or to the risks of a concentrated, industry-specific investment in equity shares. Furthermore, certain ETFs in which the Funds may invest may leverage their assets, thereby significantly increasing the potential volatility of such ETFs.





### *Financial Derivative Instruments*

Each Fund may invest in financial derivatives instruments such as options, futures, forward contracts or swaps to hedge its other investments, to equitise its available cash, or for investment purposes. The performance and value of derivative instruments depend on the performance and value of the underlying asset. Derivative instruments involve cost, may be volatile and may involve a small investment relative to the risk assumed. Their successful use may depend on the Investment Manager's ability to predict market movements. Risks include delivery failure, default by other party or the inability to close out a position because the trading market becomes illiquid. Some derivative instruments are particularly sensitive to changes in interest rates or other referents.

Derivatives can be volatile and involve various degrees of risk, depending upon the characteristics of the particular derivative and a Fund as a whole. Derivatives may permit a Fund to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as the Fund can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities. Other risks that derivative instruments in general have include imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative instruments.

Furthermore, the ability to successfully use derivative instruments may be more dependent on the Investment Manager's ability to predict pertinent market movements than other investments. Thus, the use of derivative instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for prices other than current market values, may limit the amount of appreciation a Fund can realise on an investment, or may cause a Fund to hold a security or other investment that it might otherwise sell. Additionally, amounts paid by a Fund as premiums and cash or other assets held in margin accounts with respect to derivative instruments are not otherwise available to a Fund for investment purposes.

Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as over-the-counter derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency which is the issuer or counterparty to such derivatives. This guarantee is usually supported by a daily payment system (e.g. margin requirements) operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees over-the-counter derivatives.

Therefore, each party to an over-the-counter derivative bears the risk that the counterparty will default. Over the-counter derivatives may be less liquid than exchange-traded derivatives since the other party to the transaction may be the only investor with sufficient understanding of the derivative to be interested in bidding for it.

A Fund's investments in derivatives may subject that Fund to greater volatility than investments in traditional securities or other investments. The value of derivative instruments may be affected by changes in overall market movements, index volatility, changes in interest rates, or factors affecting a particular industry or region, such as embargoes, tariffs and economic, political and regulatory developments.

### *Fixed Income Securities*

A Fund may invest in fixed income securities and other debt securities. Fixed income securities are subject to the general market, political, economic and regulatory risks affecting all investments. Certain of these securities may be unrated by a recognised credit-rating agency or below investment grade, which are

subject to greater risk of loss of principal and interest than higher-rated debt securities. Fixed Income Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets. Fixed Income Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Fixed Income Funds will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Investment in a debt instrument will normally involve the assumption of interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

### *Forward Trading*

A Fund may engage in forward trading. Forward contracts and options thereon 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 and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or securities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or securities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Market illiquidity or disruption could result in major losses to a Fund.

### *Futures Contracts*

A Fund may invest in futures contracts. The low margin or premiums normally required in such trading may provide a large amount of leverage (or greater-than-margin market exposure), and a relatively small change in the price of a security can produce disproportionately larger profit or loss. Futures positions (including financial futures) may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits".

Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Investment Manager from promptly liquidating unfavourable positions and subject a Fund to substantial losses.

In addition, the Investment Manager may not be able to execute futures contract trades at favourable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the U.S. Commodity Futures Trading Commission may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Under the U.S. Commodity Exchange Act, as amended, futures commission merchants are required to maintain customers' assets in a segregated account. To the extent that a Fund engages in futures and options contract trading and the futures commission merchants with whom that Fund maintains accounts fail to segregate such assets, the Fund will be subject to a risk of loss in the event of the bankruptcy of one of these futures commission merchants.

### *General tax considerations - PRC Stock Connect and Bond Connect tax risks*

Various tax reform policies have been implemented by the government of the People's Republic of China ("PRC") in recent years, and existing tax law and regulations may be revised or amended in the future. The tax treatment of investments in PRC set out below under "Tax Factors relevant to Stock Connect" and "PRC tax risks in relation to Bond Connect Securities" which reflect current tax law, regulations and practice in the PRC may be changed with retrospective effect and any such change may have a significant impact on the net asset value of the Umbrella Fund. There is no assurance that the tax incentives currently offered to foreign investors, if any, will not be abolished and the existing tax law and regulations will not be revised or amended in future. The PRC tax rules and practices are not entirely certain. There is a possibility that the PRC tax authorities may change their view and interpretation of the provisions of the tax law and regulations. Any changes in tax policies or practices may also reduce the after-tax profits of the companies the Umbrella Fund invests in, thereby reducing the income from, and/or value of the relevant Fund.

### *High Turnover*

The investment strategy of a Fund may involve the taking of frequent trading positions, as well as investment positions. As a result, portfolio turnover and brokerage commissions expenses of that Fund may significantly exceed those of other Funds of comparable size that trade less frequently.

### *High Yield Securities*

Investment in higher yielding securities may be considered more speculative as it generally entails increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

### *Interest Rate Risk*

If a Fund may invest in debt securities, it will be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

### *Investment in Other Collective Investment Schemes*

A Fund may invest in other collective investment schemes. By investing in the relevant collective investment scheme, an investor will indirectly bear fees and expenses charged by the underlying collective investment schemes in addition to the Fund's direct fees and expenses. Investments in other collective investment schemes shall be valued at the latest available net asset value per unit as published by the scheme; the latest bid prices as published by the scheme or if the scheme is listed on a Regulated Market or Other Regulated Market, the latest market prices as described in the section entitled "Issue and Redemption Prices/Calculation of Net Asset Value/Valuation of Assets". The Funds investing in other collective investment schemes may be subject to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation may not be available as at the relevant Valuation Point for the Fund.

### *Leverage Risk*

Leverage may be employed as part of an investment strategy through the use of derivatives. Derivatives may contain a leverage component and consequently any adverse changes in the value or level of the underlying asset can result in a loss greater than the amount invested in the derivative itself.

### *Liquidity*

Liquidity is an indicator of how easily an investment may be converted into cash. An investment may be less liquid if it is not widely traded or if there are restrictions imposed by the exchange where the trading takes place, or by the issuer. Adverse market conditions resulting from Force Majeure Events (as defined in this Prospectus) may also affect the liquidity of an investment due to increased market volatility, exchange trading suspensions and closures as well as other disruptions to markets and market operations which may impact the Fund's ability to sell certain securities and/or complete redemptions. A Fund may, at any given time, have a portion of its assets in securities or other financial instruments or obligations which, post initial purchase when liquid, are thinly-traded or for which no liquid market exists. The sale of any thinly traded or illiquid investments may be possible only at substantial discounts or at discounts to the values at which a Fund is carrying them. If a Fund is forced to sell thinly traded or illiquid securities in order to meet redemption requests and/or its ongoing objective, such sales may result in a reduction in the Fund's Net Asset Value.

### *Loans*

An investment in bank loans may be in the form of participations in loans or of assignments of all or a portion of loans from third parties. Participations and assignments involve additional risks, including the risk of non-payment of principal and interest by the borrower, the risk that any loan collateral may become impaired and, particularly where the borrower is in financial distress, that the investor may obtain less than the full value for the loan interests sold because the bank loans have become illiquid. Purchasers of bank loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected. Interests in bank loans are also subject to additional liquidity risks. Bank loans are not currently listed on any securities exchange or automatic quotation system, but are traded by banks and other institutional investors engaged in loan syndication. As a result, secondary markets may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Consequently, the Fund may have difficulty disposing of assignments or participations in response to a specific economic event such as deterioration in the creditworthiness of the borrower, which can result in a loss. In such market situations, it may be more difficult for a value to be assigned to bank loans for the purposes of calculating a Fund's net asset value.

### *Long-Short Strategy*

Some Funds may employ long-short strategies. Long-short strategies generally seek to generate capital appreciation through the establishment of both long and short positions (through the use of financial derivative instruments) by purchasing perceived undervalued securities and selling perceived overvalued securities to generate returns and to reduce a portion of general market risk. If the analysis is incorrect or based on inaccurate information, these investments may result in significant losses to a Fund when the long and short sides of the portfolio both result in losses.

### *Market*

The success of any investment activity is affected by general economic, social, political and regulatory conditions which affect the level and volatility of prices as well as the liquidity of the markets. The prices of many securities and derivative instruments are highly volatile. The prices of investments and the income from them, and therefore the value of, and income from, Units can fall as well as rise. The price movements of the instruments which a Fund will acquire or sell are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events.

The profitability of a Fund's investment program depends to a great extent upon the Investment Manager's ability to correctly assess and combine the performance characteristics of a Fund's various underlying investment approaches. There can be no assurance that the Investment Manager will be able to predict accurately performance characteristics. At times, various markets experience great volatility and unpredictability. With respect to the investment strategy utilised by a Fund, there is always some, and occasionally a significant degree of market risk. Although a Fund employs risk management tools, it is possible that simultaneous losses could occur in more than one of the Fund's alpha sources, resulting in magnified losses to the Fund.

Force Majeure Events (as defined in this Prospectus) may be highly disruptive to market conditions in unforeseen ways. Disruptions from such Force Majeure Events may lead to increased market volatility, market losses, investment illiquidity and communication and operational disruptions which may affect the overall value of the Fund, its performance and/or its ability to meet its investment objective, potentially leading to significant losses.

#### ***Management of a terminating Fund***

Where the decision is taken to terminate a Fund, this is likely to have an impact on the manner in which the assets of the Fund are managed until, and subsequent to, the date of termination. In order to facilitate an orderly termination, the Investment Manager may need to sell assets or close out positions at less favourable prices or terms and/or may need to hold a larger amount of cash and for a different period than would be the case if the Fund was continuing.

#### ***Model and Data Risk***

The Investment Manager may use recommendations generated by proprietary quantitative analytical models. When executing an investment strategy using quantitative models, securities or other financial instruments selected can perform differently than expected, or from the market as a whole, as a result of a model's component factors, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction, implementation and maintenance of the models (e.g. data problems, software issues, etc.).

Quantitative modelling is a very complex process involving numerous data points and settings encoded in computer software. The Investment Manager and its affiliates review these codes and the various components to the models with a view to ensuring that they are appropriately adapted and calibrated to reflect the Investment Manager's views as to the potential implications of evolving external events and factors, including constantly changing economic, financial market and other conditions. This process involves the exercise of judgments and a number of inherent uncertainties. The Investment Manager's views, including those related to the optimal configuration, calibration and adaptation of the models, may change over time depending on evolving circumstances, on information that becomes available to the Investment Manager and its affiliates, and on other factors.

Although the Investment Manager attempts to ensure that the models are appropriately developed, operated and implemented, sub-optimal calibrations of the models and similar issues may arise from time

to time, and neither the Investment Manager nor any of its affiliates can guarantee that the models are in an optimal state of calibration and configuration at all times. Further, inadvertent human errors, trading errors, software development and implementation errors, and other types of errors are an inherent risk in complex quantitative investment management processes of the type the Investment Manager employs. Although the Investment Manager's policy is to promptly address any such errors when identified, there can be no guarantee that the overall investment process will be without error or that it will produce the desired results.

### ***Mortgage and other Asset-Backed Securities***

In addition to the general risks associated with fixed income securities described above, pass-through instruments such as mortgage-related and other asset-backed securities also are subject to prepayment risk, which is the possibility that the principal of the loans underlying the securities may be prepaid at any time. During periods of declining interest rates or for other purposes, borrowers may exercise their option to prepay principal earlier than scheduled, potentially causing the Fund to incur capital loss and/or to reinvest in lower yielding obligations.

### ***Options***

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium paid. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying commodity or instrument (which could result in a potentially unlimited loss) rather than only the loss of the premium payment received. Over-the-counter options also involve counterparty solvency risk.

### ***Reliance on the Investment Manager***

The profitability of a significant portion of a Fund's investment program will depend upon the Investment Manager correctly assessing future price movements in securities. There can be no assurance that the Investment Manager will be able accurately to predict these price movements, even during market periods which are favourable to most other managers. Each strategy selected for a Fund will be unlikely to achieve its objectives under certain market conditions which may prevail for substantial periods of time after a Fund begins operating or allocates assets to a particular strategy.

The success of an Investment Manager in the past is not necessarily a reliable indicator of its prospects for future profitability. Speculative trading and investment strategies involve substantial risks, and the outcomes are uncertain.

Force Majeure Events (as defined in this Prospectus) may disrupt or adversely impact the Investment Manager's ability to effectively manage the Fund or meet its investment objective, including in circumstances which affect the availability of personnel within the Investment Manager who play an integral role in the management of the Fund.

### ***Repurchase and Reverse Repurchase Agreements***

A Fund may engage in repurchase agreements with banks or broker-dealers. A repurchase agreement is an investment in which the relevant Fund sells ownership of securities and agrees to repurchase the securities

at a future time and set price. Repurchase agreements involve certain risks in the event of default by the other party.

In the event the buyer of the securities files for bankruptcy or becomes insolvent, the relevant Fund's use of the proceeds of the agreement may be restricted pending the close out and set off process under the repurchase agreement, including the valuation of the securities held by the other party as collateral.

A Fund may engage in sell-buy back agreements which operate in a similar way and are subject to the same risks as repurchase agreements.

A Fund may enter into reverse repurchase agreements with banks or broker-dealers. Reverse repurchase agreements involve a purchase by the relevant Fund of securities concurrently with an agreement by the seller to repurchase the same securities at a later date at a fixed price.

In the event of the bankruptcy or other default of the seller, the relevant Fund could experience both delays in liquidating the underlying securities and losses, including (i) possible decline in the value of the underlying security during the period while it seeks to enforce its rights thereto; (ii) possible lack of access to income on the underlying security during this period; and (iii) expenses of enforcing its rights.

A Fund may engage in buy-sell back agreements which operate in a similar way and are subject to the same risks as reverse repurchase agreements.

### ***Securities Lending***

Where a Fund enters into securities lending arrangements there are risks in the exposure to market movements on the value of collateral if the counterparty defaults and recourse has to be had to collateral, or if there is fraud or negligence on the part of the Depository, the Investment Manager or lending agent. In addition there is an operational risk associated with marking to market daily valuations and there are the potential stability risks of providers of collateral. The principal risk in such securities lending arrangements is the insolvency of the counterparty. In this event a Fund could experience delays in recovering its securities and such event could possibly result in capital losses.

### ***Securities Issued by REITs***

Securities of Real Estate Investment Trusts (REITs) are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents. There are special risk considerations associated with investing in the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risk related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Fund's investment.

### ***Structured Financial Instruments***

In order to gain access to certain markets where direct investment may not be possible, a Fund may invest in securities issued by a financial institution or special purpose entity ("Structured Financial Instruments"), the performance of which depends on the performance of a corresponding asset. Typically the redemptions or repayment proceeds from the Structured Financial Instrument replicate the underlying asset. Structured

Financial Instruments are generally subject to the same risks as direct holdings of securities of foreign issuers. Moreover, Structured Financial Instruments are also subject to the default risk of the issuer of the Structured Financial Instruments. Structured Financial Instruments are also subject to the liquidity risks referred to above.

### *Swap Agreements*

A Fund may enter into swap agreements. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular predetermined investments or instruments. The gross returns to be exchanged or “swapped” between the parties are calculated with respect to a “notional amount,” (e.g. the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency or security, or in a “basket” of securities representing a particular index).

The “notional amount” of the swap agreement is only a fictive basis on which to calculate the obligations that the parties to a swap agreement agree to exchange. Most swap agreements entered into by a Fund would calculate the obligations of the parties to the agreement on a “net” basis. Consequently, a Fund’s obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the “net amount”).

Whether a Fund’s use of swap agreements, if any, will be successful in furthering its investment objective will depend on the portfolio manager’s ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. A Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund’s ability to terminate existing swap agreements or to realise amounts to be received under such agreements.

### *Collateral reuse risk*

Where a Fund reinvests collateral it receives from a counterparty under a trading agreement, there is a risk that such collateral reinvestment could result in a reduction of the value of the collateral capital (because the investment declines in value). This, in turn, may cause losses to the Fund because it is obliged to return collateral to the counterparty. The Funds are limited to how they can reinvest collateral as set out in the Section titled “Collateral Management”.

Where a Fund provides collateral under a trading agreement to a counterparty and that counterparty exercises a right of reuse of that collateral, the Fund will be subject to the following collateral re-use risks and consequences:

- its rights, including any proprietary rights, in that collateral will be replaced by an unsecured contractual claim for delivery of equivalent collateral subject to the terms of the relevant collateral arrangement;
- the collateral may not be held by the counterparty in accordance with client asset rules, and may not benefit from any client asset protection rights;
- in the event of the counterparty’s insolvency or default, the Fund’s claim against the counterparty for delivery of equivalent collateral may not be secured and will be subject to the terms of the



relevant collateral arrangement and applicable law and, accordingly, the Fund may not receive such equivalent collateral or recover the full value of the financial instruments;

- in the event that the counterparty is not able to readily obtain equivalent collateral to deliver to the Fund at the time required: the Fund may be unable to fulfil its settlement obligations under a hedging or other transaction it has entered into in relation to those particular collateral assets.

### ***Tax and Other Regulatory Considerations***

Certain prospective Unitholders may be subject to laws, rules and regulations which may regulate their participation in the Fund or their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types which the Fund may utilise from time to time. Prospective Unitholders should consult with their own advisors as to the advisability and tax consequences of an investment in the Fund. Prospective Unitholders should also be aware that the tax treatment of the Fund, as well as their investment, may change over time.

### ***Technology and Data Risk***

The Umbrella Fund and its service providers rely heavily on the use of technology, including proprietary and third-party software and data, to run substantially all aspects of the management of the Umbrella Fund. For example, the majority of trade instructions are entered by portfolio managers and executed by traders utilising electronic systems, some of the Funds use quantitative equity models to assess the attractiveness of investments or fund construction models to generate suggested trades or investment weightings. Compliance with investment guidelines is monitored utilising electronic systems and data provided by various proprietary and third-party sources.

Processes designed for developing, selecting and overseeing these technology systems and databases, in particular controls designed to assure that technology systems and data are sound and the systems and data suppliers that are relied on are reputable and competent may not be successful in completing mitigating the risk of system defects and/or inaccurate or missing data.

Systems flaws and inaccurate data may go undetected for long periods of time, or avoid detection altogether. These issues could have a negative (or positive) impact on the investment performance of a Fund.

### ***Unitholder Concentration***

At any time, one or more Unitholders may hold individually a significant interest (or even a significant majority interest) in any Fund. A redemption by a Unitholder that holds a significant percentage of Units in the Fund will lead to reduced asset levels which may affect the investment strategy used to meet the Fund's investment objective as well as may result in an increase in the Fund's ratio of operating expenses to total net assets. In addition, such redemption may reduce the assets of the Fund to below a level at which the Fund can be considered viable and this may result in the Management Company making a decision to terminate the Fund. The potential impact of significant redemption requests on a Fund is detailed further in the "Cash Flows" risk factor.

### ***Valuation Risk***

The Administration Agent may consult the Management Company with respect to the valuation of investments which are (i) unlisted, or (ii) listed or traded on a Regulated Market or Other Regulated Market but where the market price is unrepresentative or not available. There is a possible conflict of interest

because of the Management Company's role in determining the valuation of the Fund's investments and the fact that the Management Company receives a fee which increases as the value of the Fund increases.

### *Warrants*

Warrants present for the investor a higher risk than ordinary securities due to their volatility. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holders to purchase, and they do not represent any rights in the assets of the issuer. In addition, the value of a warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to its expiration date.

## *Investment in China*

Other than risks involved in investments made on a worldwide basis and in emerging markets investors in Funds invested in China should also refer to the specific risks below.

### *Renminbi Currency Risk*

The Renminbi is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. Exchange control regulations or any changes thereto may cause difficulties in the repatriation of funds, and the performance of the Fund's investments, in particular, may be affected.

Renminbi convertibility is subject to foreign exchange control policies of and repatriation restrictions. Converting foreign currencies into Renminbi is carried out on the basis of the rate applicable to offshore Renminbi ("CNH"). The daily trading price of CNH against other major currencies in the inter-bank foreign exchange market is floating in a band around the central parity published by the People's Bank of China ("PBC"). The value of the CNH may differ, perhaps significantly, from the value of onshore RMB ("CNY") due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the Chinese government from time-to-time as well as other external factors and market forces.

The CNH market is in early development and there may be periods in which it is difficult for market participants to obtain or dispose of CNH. Furthermore, government or regulatory intervention in the CNH market may impact the availability and/or convertibility of CNH. In such situations, the exchange rate may fluctuate substantially and it may not be possible to obtain an exchange rate through any customary channel.

Investments by a Fund in the Stock Connect Shares will be traded and settled in Renminbi ("RMB"). If the Fund holds a class of shares denominated in a local currency other than RMB, the Fund will be exposed to currency risk if the Fund invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Fund purchases it and when the Fund redeems/sells it, the Fund will still incur a loss when it converts the redemption/sale proceeds into local currency if RMB has depreciated.

### *Stock Connect Risk*

#### *Risks linked with dealing in securities in China via Stock Connect*

Some of the Funds may seek exposure to stocks issued by companies listed on China stock exchanges via Stock Connect. Stock Connect is a mutual market access programme through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE"), through a platform organised by the Hong Kong Stock Exchange ("SEHK") via a broker in Hong Kong and PRC domestic investors can deal in select securities listed on the SEHK through a platform put in place by a PRC stock exchange, currently the SSE and SZSE.

China A Shares accessed via Stock Connect shall be referred to hereinafter as "**Stock Connect Shares**".

Under the Stock Connect programme, investors in Hong Kong and Mainland China can trade and settle shares listed on the other market via the exchanges and clearing houses in both jurisdictions. Stock Connect is subject to quota limitations, which may restrict a Fund's ability to deal via Stock Connect on a timely

basis. This may impact that Fund's ability to implement its investment strategy effectively. Currently, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index, the SZSE Component Index, the SZSE Small/Mid Cap Innovation Index (with market capitalisation of RMB 6 billion or above) as well as all China A Shares dual-listed on either the SSE or SZSE and the SEHK except for listed shares which are not traded in RMB and/or which are under 'risk alert' or under delisting arrangements. Investors should note that a security may be recalled from the scope of Stock Connect as set out below. This may adversely affect the Fund's ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect.

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions are also applicable to China A Shares.

The Investment Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. The Investment Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with their interests in China A Shares.

Under the current Mainland China rules, once an investor holds or controls up to 5% of the shares of a company listed on either the SSE or SZSE, the investor is required to disclose his interest within three working days and during which he cannot trade the shares of that company. After that, the investor is also required to make disclosure within three working days every time a change in his shareholding reaches 5%. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not trade the shares of that company. Overseas investors holding China A Shares via Stock Connect are subject to the following restrictions (i) shares held by a single foreign investor (such as the Umbrella Fund) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (ii) total A Shares held by all foreign investors (e.g. Hong Kong and overseas investors) who make investments in a listed company must not exceed 30% of the total issued shares of such listed company. If the aggregate foreign shareholding exceeds the 30% restriction, the foreign investors would be required to unwind their positions on the excessive shareholding according to a last-in-first-out basis within five trading days.

Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, the Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

According to existing Mainland China practices, the Umbrella Fund as a beneficial owner of China A Shares traded via Stock Connect cannot appoint proxies to attend shareholders' meetings on its behalf.

#### **Beneficial owner of the Stock Connect Shares**

Stock Connect currently comprises a Northbound link, through which Hong Kong and overseas investors like the Umbrella Fund may purchase and hold Stock Connect Shares, and a Southbound link, through which investors in Mainland China may purchase and hold shares listed on the SEHK.

The Umbrella Fund trades Stock Connect Shares through its broker affiliated to the Umbrella Fund sub-custodian who is an SEHK exchange participant. These Stock Connect Shares will be held following settlement by brokers or custodians as clearing participants in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC") as central securities depository in Hong Kong and nominee holder. HKSCC in turn

holds Stock Connect Shares of all its participants through a “single nominee omnibus securities account” in its name registered with ChinaClear, the central securities depository in Mainland China.

Because HKSCC is only a nominee holder and not the beneficial owner of Stock Connect Shares, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that Stock Connect Shares will not be regarded as part of the general assets of HKSCC available for distribution to creditors even under Mainland China law. However, HKSCC will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in Stock Connect Shares in Mainland China. Foreign Investors like the concerned Funds of the Umbrella Fund investing through the Stock Connect holding the Stock Connect Shares through HKSCC are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

#### ***Not protected by Investor Compensation Fund***

Investors should note that any Northbound or Southbound trading under Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes.

Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

#### ***Quotas used up***

Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted.

#### ***Difference in trading day and trading hours***

Due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours in the markets in Hong Kong and Mainland China, Stock Connect will only operate on days when both 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 Mainland China market but it is not possible to carry out any China A Shares trading in Hong Kong. There may be a risk of price fluctuations in China A Shares during the time when Stock Connect is not trading.

#### ***The recalling of eligible stocks and trading restrictions***

A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager.

Under Stock Connect, the Investment Manager will only be allowed to sell China A Shares but restricted from further buying if: (i) the China A Share subsequently ceases to be a constituent stock of the relevant indices; (ii) the China A Share is subsequently under “risk alert”; (iii) the corresponding H share of the China A Share subsequently ceases to be traded on SEHK; and/or (iv) in respect of SZSE Shares only, such Shares, based on any subsequent periodic review, that are determined to have a market capitalisation of

less than RMB 6 billion. Investors should also note that price fluctuation limits would be applicable to China A Shares.

#### *Trading costs*

In addition to paying trading fees and stamp duties in connection with China A Shares trading, the Funds carrying out trading Stock Connect Shares via Stock Connect may also be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities.

#### *Risk of ChinaClear default*

ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission (“CSRC”). Pursuant to the General Rules of CCASS, if China Clear (as the host central counterparty) defaults, HKSCC will, in good faith, seek recovery of the outstanding Stock Connect securities and monies from ChinaClear through available legal channels and through ChinaClear’s liquidation process, if applicable.

HKSCC will in turn distribute the Stock Connect securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect authorities. Although the likelihood of a default by ChinaClear is considered to be remote, the relevant Fund should be aware of this arrangement and of this potential exposure before engaging in trading Stock Connect Shares.

#### *Risk of HKSCC default*

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect securities and/or monies in connection with them and the Umbrella Fund and its investors may suffer losses as a result. Neither the Umbrella Fund nor the Investment Manager shall be responsible or liable for any such losses.

#### *Ownership of Stock Connect Shares*

Stock Connect Shares are uncertificated and are held by HKSCC for its account holders. Physical deposit and withdrawal of Stock Connect Shares are not available currently under the Northbound trading for a Fund.

The Fund’s title or interests in, and entitlements to Stock Connect Shares (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise. This is a complex area of law and investors should seek independent professional advice.

The above may not cover all risks related to Stock Connect and any above mentioned laws, rules and regulations are subject to change.

#### *Tax factors relevant to Stock Connect*

Unless a specific exemption or reduction is available, entities not tax resident in the PRC are subject to corporate income tax (“CIT”) on a withholding basis, generally at a rate of 10% on PRC passive sourced income; therefore, dividends from China A Shares traded on Stock Connect will be subject to a 10% withholding tax at source. However, capital gains derived by foreign investors on the trading of China A

Shares through Stock Connect have been exempted pursuant to Caishui [2014] No.81 and No.127 issued by the PRC tax authorities (the “Notices”), on a temporary basis and with no stated expiry date. It is possible that the Notices may be amended or withdrawn, in addition to other local tax regulation, at any time, and with potential retroactive effect, which may result in an impact to the Umbrella Fund’s net asset value.

Pursuant to Caishui [2016] No.36, capital gains derived by investors via Stock Connect are exempted from value added tax (VAT). Dividend income or profit distributions on PRC equities are not included within the scope of VAT.

### **Bond Connect**

#### *Risks linked with dealing in securities in China via Bond Connect*

Some Funds may seek exposure to fixed income securities dealt on the CIBM through Bond Connect (“Bond Connect Securities”). Bond Connect is a mutual bond market access between Hong Kong and the PRC established by China Foreign Exchange Trade System (CFETS) & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House (together, the “Mainland Financial Infrastructure Institutions”), and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit (CMU) (together, the “Hong Kong Financial Infrastructure Institutions”). Eligible foreign investors are allowed to invest in Bond Connect Securities through a cross border platform, which facilitates the efficient trading by overseas institutional investors in the PRC bond market (Northbound link) and by PRC investors in the Hong Kong bond market (Southbound link). Northbound Trading will follow the current policy framework for overseas participation in the CIBM.

There will be no investment quota for Northbound Trading.

To the extent that a Fund’s investments in China are dealt via Bond Connect, such dealing may be subject to additional risk factors.

Regulatory risks: Bond Connect 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 Bond Connect rules and regulations will not be abolished in the future. A Fund(s), which invests in Bond Connect Securities, may be adversely affected as a result of any such changes or abolition.

Custody risks: Under the prevailing regulations in PRC, eligible foreign investors who wish to invest in Bond Connect Securities may do so via an offshore custody agent approved by the Hong Kong Monetary Authority (“HKMA”) (“Offshore Custody Agent”), who will be responsible for the account opening with the relevant onshore custody agent approved by the People’s Bank of China. Since the account opening for investment in the CIBM market via Bond Connect has to be carried out via an offshore custody agent the relevant Fund is subject to the risks of default or errors on the part of the Offshore Custody Agent.

Trading risks: Trading in securities through the Bond Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, the Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

Market and Liquidity Risks: Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. The Funds investing in the CIBM are therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of such PRC bonds may be large,

and the relevant Funds may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

**Investment restrictions:** Investments into Bond Connect are not subject to any quota but should the relevant Chinese authorities suspend account opening or trading via Bond Connect, the relevant Fund's ability to invest in CIBM will be limited and, and the relevant Fund may not be able to effectively pursue its investment strategy or it may have an adverse effect on the relevant Fund's performance as the relevant Fund may be required to dispose of its CIBM holdings. The relevant Fund may also suffer substantial losses as a result.

**Chinese Local Credit Rating Risk:** Certain Funds may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

**Operational Risk:** Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

#### *Beneficial owner of Bond Connect Securities*

The Funds' Bond Connect Securities will be held following settlement in an investors segregated securities account at the Central Moneymarkets Unit (CMU) as central securities depository in Hong Kong by custodians as clearing participants. The CMU in turn holds Bond Connect Securities of all its participants through an omnibus securities account (Linkage Securities Account) in the name of the Hong Kong Monetary Authority (HKMA) at the China Central Depository & Clearing Co., Ltd and the Shanghai Clearing House in the PRC. Because CMU is only a nominee holder and not the beneficial owner of Bond Connect Securities, in the unlikely event that CMU becomes subject to winding up proceedings in Hong Kong, investors should note that Bond Connect Securities will not be regarded as part of the general assets of CMU available for distribution to creditors even under PRC a law. However, CMU will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in Bond Connect Securities in PRC. Funds investing through Bond Connect holding the Bond Connect Securities through CMU are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

However, physical deposit and withdrawal of Bond Connect Securities are not available under the Northbound trading for the Funds. In addition, the Fund's title or interests in, and entitlements to Bond Connect Securities (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign bondholding restriction, if any.



It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in the event that disputes arise.

#### *Not protected by Investor Compensation Fund*

Investors should note that any trading under Bond Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

#### *Difference in trading day and trading hours*

Due to differences in public holiday between Hong Kong and PRC or other reasons such as adverse weather conditions, there may be a difference in trading days and trading hours on the CIBM and the CMU.

Bond Connect will thus only operate on days when both 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 markets but it is not possible to carry out any Bond Connect Securities trading in Hong Kong.

#### *The recalling of eligible bond and trading restriction*

A bond may be recalled from the scope of eligible stocks for trading via Bond Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager.

#### *Trading costs*

In addition to paying trading fees and other expenses in connection with Bond Connect Securities trading, the Funds carrying out Northbound trading via Bond Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from transfers which would be determined by the relevant authorities.

#### *Currency risks*

Northbound investments by the Fund in the Bond Connect Securities will be traded and settled in Renminbi. If the Fund holds a class of shares denominated in a local currency other than RMB, the Fund will be exposed to currency risk if the Fund invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Fund purchases it and when the Fund redeems/sells it, the Fund will still incur a loss when it converts the redemption/sale proceeds into local currency if RMB has depreciated.

#### *Risk of CMU default*

A failure or delay by the CMU in the performance of its obligations may result in a failure of settlement, or the loss, of Bond Connect Securities and/or monies in connection with them and the Fund and its investors may suffer losses as a result. Neither the Fund nor the Investment Manager shall be responsible or liable for any such losses.



### *PRC tax risks in relation to Bond Connect Securities*

Unless a specific exemption or reduction is available, entities not tax resident in the PRC are subject to CIT on a withholding basis generally at a rate of 10% on PRC passive sourced income. However, interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from CIT. Further, on 22 November 2018, a three-year CIT and Value Added Tax (VAT) exemption on interest income derived by foreign investors from investments in PRC bond markets was confirmed from 7 November 2018 to 6 November 2021, pursuant to Caishui [2018] No.108.

Currently, there is no specific rule governing the taxation of capital gains derived by foreign investors trading PRC debt securities (including PRC debt securities traded through Bond Connect). Based on verbal comments from the PRC tax authorities, such gains should be non-PRC sourced income and thus would not be subject to PRC withholding tax. However, there are no written tax regulations issued by the PRC tax authorities to confirm that interpretation. As a matter of practice, the PRC tax authorities have not levied PRC withholding tax on capital gains realised by foreign investors from the trading of debt securities.

Pursuant to Caishui [2016] No.36, gains realised from trading of marketable securities and interest income would generally be subject to VAT at 6%, unless specifically exempted under laws and regulations. If VAT is applicable, there are also other surtaxes that could apply. Gains realised by recognised foreign investors from trading RMB-denominated debt securities in the PRC inter-bank bond market are exempted from VAT, and interest received by foreign investors from government bonds and local government bonds are also exempt from VAT.

Investors should seek their own advice on their tax position with regard to their investment in the Fund.

### *144A and Regulation S Securities*

Certain Funds may purchase securities which are securities that are not registered under the 1933 Act and that are not publicly traded securities, such as Rule 144A securities and Regulation S securities. These securities may be less liquid than publicly traded securities, and a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by a Fund. Further, companies whose securities are not publicly traded may not be subject to disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

### *Legal Risk*

The terms of derivatives, repurchase, reverse repurchase, buy-sell back, sell-buy back and securities lending transactions are generally established through negotiation between the parties to the agreements. While this provides more flexibility, these agreements may involve greater legal risk than exchange-traded instruments, which are standardised, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There may also be a risk that the parties to the agreement may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for a Fund to enforce its contractual rights may lead the Fund to decide not to pursue its claims under the agreement. The Fund therefore assumes the risk that it may be unable to obtain payments owed to it, and that those payments may be delayed or made only after the Fund has incurred the costs of litigation. Further, legal, tax and regulatory changes could occur which may adversely affect the Funds. The regulatory and tax environment governing these types of transactions is evolving, and changes in the regulation or taxation may adversely affect the value of such transactions entered into by the Funds and the Funds' ability to pursue their trading strategies.

### *Operational Risk*

The Funds are subject to the impact of breakdowns in systems, internal procedures or human error of the Management Company and any of its delegates or any of its counterparties or the markets in which it trades.

### *Other Risks*

The net asset value per Unit of all Unit classes is determined by taking the net asset value of the Unit class in the particular Fund's Base Currency and translating it into the Dealing Currency at prevailing exchange rates and dividing this by the number of Units outstanding. For Hedged Unit Classes, the net asset value also includes currency forwards positions that are attributed specifically to each Unit class and used for hedging purposes. Subject to applicable law, the appropriate hedging strategy used will be at the discretion of the Investment Manager in accordance with the investment style of the Fund. This may include hedging the Dealing Currency against the Base Currency of the Fund or against the other currencies in which the assets of the relevant Fund may be denominated (based on either actual exposure or benchmark rates). There can be no assurance that the strategy chosen by the Investment Manager will be successful.

The currency hedging strategy that is employed for the Hedged Unit Classes may substantially limit the holders of those Unit classes from benefiting if the currency of the relevant Hedged Unit Class falls against the Base Currency and/or other currencies in which the assets of the relevant Fund may be denominated.

Where the Fund enters into stock lending arrangements there are risks in the exposure to market movements if recourse has to be had to collateral, or if there is fraud or negligence on the part of the Depositary, the Investment Manager or lending agent. In addition there is an operational risk associated with marking to market daily valuations and there are the potential stability risks of providers of collateral. The principal risk in such stock lending arrangements is the insolvency of the counterparty. In this event the Fund could experience delays in recovering its securities and such event could possibly result in capital losses.

Investors in the 0% Class S, 15% Class S, 0% Class T and 15% Class T Unit classes will submit certain documentation to the Umbrella Fund regarding their eligibility to receive reduced withholding tax rates on US source dividends under the applicable US tax treaty. If those investors are not in fact eligible to receive the benefits of reduced treaty rates, it is possible that the relevant Unit class would be liable for additional withholding taxes due, which could have an impact on other Unitholders in that Unit class.

The Investment Manager will on behalf of all investors and Unitholders place orders for the purchase of securities for the account of the Funds before receipt of payment of the relevant purchase proceeds, as a means to reduce the impact of subscriptions on the performance of the Funds. While this protocol is made available equally to benefit all Unitholders, there is a possibility that a particular subscriber may settle his purchase order late, or fail to settle it entirely. In that case, the relevant Fund will be exposed to interest costs and/or possible market losses. Although the Umbrella Fund on behalf of the relevant Fund should in that case have a valid claim to recoup any damages from the defaulting subscriber, there is no guarantee that such a claim will either be successful or enforceable in judgment, which could result in a Fund (and its Unitholders) suffering a loss on their investment.

### ***United Kingdom leaving the European Union***

The United Kingdom's referendum held on 23 June 2016 resulted in a majority voting in favour of the United Kingdom (UK) leaving the EU. The UK parliament issued an Article 50 notice to formally start the process to leave the EU, which provides for a two-year negotiation period between the EU and the withdrawing member state. On 23 January 2020, the European Union (Withdrawal Agreement) Act 2020 ("Act") received the royal assent by the Queen, thereby approving the United Kingdom's exit from the EU which occurred on 31 January 2020. The Act sets a deadline for completion of the transition period on 31 December 2020 during which the United Kingdom's trading relationship will remain the same and it will continue to follow the EU's rules. The talks between the EU and the United Kingdom over future relationship started on 3 March 2020. The post-Brexit negotiation process and the uncertainty concerning the United Kingdom's legal and economic relationship with the EU could cause a period of instability and market volatility, and may adversely impact business in the United Kingdom and/or the EU, including with respect to opportunity, pricing, regulation and the tax treatment of any United Kingdom investments. It is not possible to ascertain the precise impact these events may have on the Funds or its investments from an economic, financial, tax or regulatory perspective but any such impact could have material consequences for the Funds and their investments.

There is likely to be a degree of continued market uncertainty regarding this exit process which may also negatively impact the value of investments held by the Funds.

Luxembourg will remain a member of the EU and the Funds remain EU regulated UCITS that can avail of passporting rights under the UCITS Directive and the Regulations to market and sell shares in the Funds in the EU, subject to complying with the terms of the UCITS Directive and the Regulations.

## **INVESTMENT RESTRICTIONS**

The Umbrella Fund, and each Fund, shall invest in accordance with the Investment Restrictions included in Appendix A.

## **DEALING IN UNITS**

### **Available Unit Classes**

Class S Units are available only for Institutional Investors and will qualify for the lower *taxe d'abonnement* rate of 0.01%. No distribution fee is paid in respect of Class S Units.

Class N Units are reserved for investors acting as financial intermediaries on behalf of underlying beneficial holders who either according to applicable regulatory requirements, are not allowed to accept and retain a distribution fee or who have separate fee arrangements with their clients which preclude them from accepting and retaining a distribution fee, and for Institutional Investors investing on their own account, who do not meet the criteria for S Class Units. No distribution fee is paid in respect of the Class N Units. Class N Units are subject to the *taxe d'abonnement* rate of 0.05%.

Class D Units are reserved for investors acting as financial intermediaries on behalf of underlying beneficial holders and are subject to the *taxe d'abonnement* rate of 0.05%. Class D Units will be assessed a distribution fee as described under "Charges and Expenses".

Class DL Units are reserved for investors in certain markets acting as financial intermediaries on behalf of underlying beneficial holders. Unitholders are subject to the *taxe d'abonnement* rate of 0.05%. Class DL Units will be assessed a distribution fee as described under "Charges and Expenses".

Class G Units are reserved for Institutional Investors and will qualify for the lower *taxe d'abonnement* rate of 0.01%. Class G Units will be assessed a distribution fee as described under "Charges and Expenses". The Class G Units are closed to investors from outside the Class and the Management Company also reserves the right to close the Class to additional subscriptions from existing Class G Unitholders in any particular Fund. The Class G Units in the Wellington US Research Equity Fund are only available to those investors that were holding Class B Units in this Fund as at 30 September 2013.

Class E Units are available only in the Wellington Strategic European Equity Long-Short Fund and the Wellington US Equity Long-Short Fund at the discretion of the Management Company, for Institutional Investors who qualify for the lower *taxe d'abonnement* rate of 0.01%. No distribution fee is paid in respect of Class E Units. These Units will only be available until the total net asset value of the relevant Fund reaches USD100 million or equivalent amount in another currency or otherwise at the discretion of the Management Company.

Class ED Units are available only in the Wellington US Equity Long-Short Fund at the discretion of the Management Company and are reserved for investors acting as financial intermediaries on behalf of underlying beneficial holders and are subject to the *taxe d'abonnement* rate of 0.05%. Class ED Units will be assessed a distribution fee as described under "Charges and Expenses". These Units will only be available until the total net asset value of the Fund reaches USD100 million or equivalent amount in another currency or otherwise at the discretion of the Management Company.

Class EN Units are available only in the Wellington US Equity Long-Short Fund at the discretion of the Management Company and are reserved for investors acting as financial intermediaries on behalf of underlying beneficial holders who either according to applicable regulatory requirements, are not allowed to accept and retain a distribution fee or who have separate fee arrangements with their clients which preclude them from accepting and retaining a distribution fee, and for Institutional Investors investing on their own account, who do not meet the criteria for S or E Class Units. No distribution fee is paid in respect of the Class EN Units. Class EN Units are subject to the *taxe d'abonnement* rate of 0.05%. These Units will only be available until the total net asset value of the Fund reaches USD100 million or equivalent amount in another currency or otherwise at the discretion of the Management Company.

Class SP and SF Units are reserved exclusively for German and Austrian Institutional Investors or German and Austrian investors acting as financial intermediaries on behalf of underlying beneficial holders. These Institutional Investors and financial intermediaries must qualify for the lower *taxe d'abonnement* rate of 0.01%. No distribution fee is paid in respect of Class SP or SF Units.

Class T Units are reserved for investors that have a direct investment advisory or other relationship with the Investment Manager or an affiliate, and for investment by the Investment Manager and/or its affiliates (including affiliated pension plans), and will qualify for the lower *taxe d'abonnement* rate of 0.01%. No distribution fee is paid in respect of Class T Units. The fees payable in relation to investments in the Class T Units will be agreed separately. An investment in Class T Units is conditional upon the qualification as institutional investor within the meaning of Article 174 of the 2010 Law, e.g. that any investor that is not an institutional investor should invest through a credit institution or a professional of the financial sector acting in their own name on behalf of their non-institutional clients and on the basis of a discretionary management mandate.

Class BN Units are only available in the Wellington Emerging Market Research Equity Fund and Wellington US Research Equity Fund. Units are reserved exclusively for clients of a financial intermediary, approved

by the Management Company, on behalf of underlying beneficial holders who are subject to the *taxe d'abonnement* rate of 0.05%. No distribution fee is paid in respect of Class BN Units, instead a higher Investment Management Fee relative to other unit classes is applied, part of which is paid to the relevant intermediary holding these Unit Classes to compensate them for distribution and Unitholder services provided to underlying beneficial owners of these Units. For further details of such rebate arrangements, please refer to the Investment Management Fees sub-section in the "Charges and Expenses" section.

Class J Units are reserved exclusively for certain Japanese institutional clients of a discretionary investment manager who has separate fee arrangements with such clients or Japanese institutional clients who meet such other requirements as may be determined by the Management Company. Class J Units are subject to the *taxe d'abonnement* rate of 0.01%.

All Class Units are available in a continuous offering at net asset value except in respect of Class G Units, Class E Units, Class ED Units and Class EN Units as described above.

The Management Company is entitled to issue in each Fund multiple classes of Units. Complete details of the terms of each Unit class are set out at Appendix B (which provides information on the Dealing Currencies, Minimum Initial Subscriptions, Minimum Subsequent Subscriptions and Minimum Holding Amounts for all Funds) and a list of all the Unit classes in each Fund of the Umbrella Fund which are funded and available for subscription can be found in the Umbrella Fund's Investor Guide, which may be obtained from the Transfer Agent.

Each Fund may issue Unit classes denominated in the Fund's Base Currency, or denominated in another Dealing Currency as further set out in the table at Appendix B. Unit classes may be offered as hedged ("Hedged Unit Class") or unhedged. In addition, each Fund offers certain Unit classes that are eligible for distributions of net investment income and net realised capital gains as determined by the Management Company ("Distributing Unit Classes"); all other Unit classes accumulate income and make no current distributions ("Accumulating Unit Classes").

Each Unit class is separate and distinct and the investment returns of each will differ because of the differences in fees, taxes, hedging and distribution policy applicable to that Unit class.

### **Application for Units**

Initial investments must be made by completing the Umbrella Fund's Account Opening Agreement and other required documentation, as detailed in the Umbrella Fund's Investor Guide. Investors are advised that the Umbrella Fund, Facilities Agent and the Registrar and Transfer Agent may require applicants to provide such identification documents as necessary to satisfy, in the Umbrella Fund's and its service providers' discretion, applicable provisions of anti-money laundering laws. In addition, the Account Opening Agreement specifies the conditions for holding Units in a Fund. The Management Company reserves the right to compulsorily redeem Units held by any Unitholder who, in the Management Company's sole judgment, fails to meet conditions agreed to in the Umbrella Fund's Account Opening Agreement.

Units of the Umbrella Fund may be purchased, subject to the acceptance of the Transaction Form and/or the Account Opening Agreement in good order, at the Administration Agent's offices before the Dealing Deadline. If an order is received after the relevant Dealing Deadline for the relevant Dealing Day, the order, unless otherwise determined by the Management Company, will be deemed to be received by the following Dealing Deadline.

The Units are registered in the name of the relevant investor immediately upon payment of the full purchase price in the Dealing Currency of the relevant class of Units. In each case such payment is due to the account

of the Depository on or before the Settlement Date or such shorter time as shall be determined by the Management Company from time to time.

**THE FUNDS' CURRENT SETTLEMENT DATE AND POLICIES ARE INCLUDED IN THE INVESTOR GUIDE. INVESTORS ARE ADVISED TO CONSULT THE INVESTOR GUIDE FOR COMPLETE SETTLEMENT DETAILS.**

Should prospective investors or Unitholders wish to receive or make payments in an alternative currency to the Dealing Currency or exchange between Units with different Dealing Currencies then this must be clearly noted on the Transaction Form and the associated foreign exchange trade undertaken for such investor or Unitholders will be executed with State Street Global Markets, an affiliate of the Registrar and Transfer Agent, as principal counterparty at the commercial rate available from the counterparty on the relevant Dealing Day. This foreign exchange transaction will be at the cost and risk of the investor or Unitholder (as applicable) and details of the associated costs are available on request. Payments relating to any instruction received to process an exchange of any Units will be made directly between the relevant Funds in the currency of each relevant Unit. Where a foreign exchange trade is required to facilitate this, such trade will be processed as described above. All related bank charges are to be borne by the investor or Unitholder (as applicable).

The Management Company may accept securities as payment for Units provided that the securities meet the investment policy criteria of the Umbrella Fund. In such case, an auditor's report shall be necessary to value the contribution in kind. The relevant Fund will bear the expenses in connection with the establishment of such report if the Management Company, acting in the best interest of the Unitholders, is satisfied that the expenses in connection with the establishment of such report are lower than the transaction costs for acquiring the securities. Otherwise, the expenses in connection with the establishment of such report shall be borne by the subscriber which has chosen this method of payment.

Purchases of securities may be made in respect of subscriptions prior to the Settlement Date, and as agreed in the Account Opening Agreement. Investors will be liable for any interest, losses or other costs incurred as a result of failing to settle an order within the time frames agreed to in the current Investor Guide. As provided in the Management Regulations, the Management Company may compulsorily redeem Units, without notice, to satisfy any such liabilities owed to the Umbrella Fund. The Management Company reserves the right to require other settlement procedures (such as a shortened settlement period) for large orders or in other circumstances that, in the Management Company's judgment, present settlement risk.

The issue price for initial and any subsequent investments in a Fund will be the net asset value per Unit of the relevant class calculated at the Valuation Point on the relevant Dealing Day. Subscription requests received after the Dealing Deadline shall be treated as having been received by the following Dealing Deadline, unless otherwise determined by the Management Company, and the following Valuation Point shall be used.

There shall be no subscription fee charged by the Umbrella Fund, the Fund, the Management Company or its affiliates. Prospective investors or Unitholders may be charged a transaction fee by their financial adviser or intermediary. Where prospective investors or Unitholders are subscribing in D or DL Unit Classes through a financial intermediary, a preliminary charge of up to 5% for D Units or 3% for DL Units of the amount of the investment in the relevant Fund may be payable to the financial adviser or intermediary. Prospective investors or Unitholders should consult their financial adviser or intermediary about any such fees.

Currently, the minimum initial subscription, minimum subsequent subscription and minimum holding amount for each class of Units is set out in the table at Appendix B. However, the Management Company or the Investment Manager shall be entitled to waive the minimum initial subscription, minimum



subsequent subscription and/or minimum holding amount and any other eligibility criteria in respect of that class of Units provided always that investors subscribing in a Unit class that qualifies for the lower *taxe d'abonnement* rate of 0.01% shall always meet the definition of institutional investor as defined by applicable practice of the Regulatory Authority from time to time.

The Umbrella Fund retains the right to offer additional classes of Units of any Fund. The Umbrella Fund retains the right to offer only one class of Units for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. In addition, the Umbrella Fund may adopt standards applicable to classes of investors or transactions which permit, or limit investment to, the purchase of a particular class of Units. Investors should consult their financial consultant for information concerning the class of Units eligible for purchase.

Units shall be issued in registered form only, pursuant to a Unit confirmation issued upon their issue or conversion. No certificates shall be issued. The ownership of Units shall be evidenced by the mention in the Register of Unitholders, which shall be kept by the Administration Agent at the address listed in the Directory. Fractional Units may be issued to the nearest one thousandth of a Unit. Fractions of Units are entitled to the same rights and obligations as full Units, in proportion to their amount.

According to the Management Regulations, the Management Company may, within the scope of their sales activities and at their discretion, cease issuing Units, refuse purchase applications and suspend or limit the sale of Units for specific periods or permanently to individuals or corporate bodies in particular countries or areas. The Management Company may also at any time withdraw Units held by investors excluded from the acquisition or ownership of such Fund Units. The Management Company also may refuse to accept initial or subsequent subscriptions if it believes the Umbrella Fund or any Fund has reached a size that could impact the ability of any Fund to find suitable investments, and may reopen a Unit class or Fund without advance notice at any time. If a subscription is rejected, subscription proceeds will be returned without interest to the subscriber, as soon as practicable.

The Management Company, at its discretion, reserves the right to refuse to accept any application for initial or subsequent subscription or to compulsorily redeem Units held by any Unitholder, without giving any reason. Without limiting the foregoing, and as further described below in the section entitled "Market Timing and Late Trading/Excessive Trading Policies", the Umbrella Fund may not be used as a vehicle for frequent trading in response to short term market fluctuations (so called "Market Timing"). Accordingly, the Management Company may reject any subscriptions (or compulsorily redeem Units) from any investor that it determines is engaged in Market Timing or other activity which it believes is harmful to the Umbrella Fund or any Fund.

The Management Company may at any time split the Units of any class of any Fund.

### **Redemption of Units**

The Management Company shall redeem Units of any Fund at the redemption price on each Dealing Day.

Redemptions of the applicable Fund shall be effected at the Valuation Point on the relevant Dealing Day. The price is based on the net asset value per Unit of each class determined at the Valuation Point. Redemption requests received after the Dealing Deadline shall be treated as having been received by the following Dealing Deadline unless otherwise determined by the Management Company.

There shall be no redemption fee charged by the Umbrella Fund, the Fund, the Management Company or its affiliates. Unitholders may also separately be charged a transaction fee by their financial adviser or the intermediary through which they hold Units. Unitholders should consult their financial adviser or the intermediary about any such fees.

The redemption price of Units in any Fund may be more or less than the acquisition cost to the Unitholder depending on the net asset value per Unit of the Fund at the time of redemption.

Since provisions must be made for an adequate portion of liquid funds in the Umbrella Fund's assets, in normal circumstances payment for redeemed Units is effected as soon as is practicable after the Valuation Point (but no later than ten Business Days thereafter) unless statutory or legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible to transfer the redemption amount to the country in which the Unitholder requesting the redemption is resident. Payments will be made in the Dealing Currency of the relevant class.

If a redemption will reduce the net assets of a Fund by more than 10%, the Management Company may, in its discretion, reduce the redemption in such proportion that no more than 10% will be redeemed. The unredeemed portion shall be redeemed on the next Dealing Day and will be dealt with before any subsequent request for redemption.

If a Unitholder submits a redemption request which would have the effect of reducing the value of the Unitholder's remaining holdings below the minimum holding amount for the Fund (as set out in Appendix B), the Management Company may treat the redemption request as a request to redeem the Unitholder's entire holdings.

If redemption requests are received on a particular Dealing Day the implementation of which would result, in the discretion of the Management Company, in the need to realise Fund assets at a discount to their carried value, the Management Company may direct the transfer agent to reduce the relevant redemption proceeds in an amount the Management Company determines is necessary to reduce or mitigate any discount or reduction in net asset value per Unit which is expected to be incurred by the remaining Unitholders. Alternatively, the Management Company may direct the Transfer Agent to apply a Partial Swing Pricing mechanism to best protect existing or remaining Unitholders. Any decision to apply a Partial Swing Pricing mechanism will be taken by the Management Company on the recommendation of the Investment Manager.

In the event of extensive or unusually large redemption applications, the Depositary and the Management Company may decide to delay the settlement of the redemption applications until the corresponding assets of the Umbrella Fund have been sold without unnecessary delay. The Management Company may also, at its discretion and/or at the request of a Unitholder wishing to redeem, pay all or a portion of the redemption proceeds in securities owned by the applicable Fund. The nature and type of securities to be transferred in any such case shall be determined by the Management Company on a fair and equitable basis as confirmed by the auditor of the Umbrella Fund and without material prejudice to the interests of the remaining Unitholders. The relevant Fund will bear the expenses in connection with the establishment of such report if the Management Company, acting in the best interest of the remaining Unitholders, is satisfied that the expenses in connection with the establishment of such report are lower than the transaction costs for realising the securities. Otherwise, the expenses in connection with the establishment of any auditor's report for this purpose shall be borne by the redeeming Unitholder. Furthermore, any costs of such transfers shall be borne by the Unitholder benefiting from the redemption in kind, and the Unitholder additionally will bear any cost and market risk associated with converting in kind redemption proceeds to cash.

On payment of the redemption price, the corresponding Unit ceases to be valid.

### **Conversion (Switching) of Units**

The Unitholder of a Fund may convert (switch) some or all of his Units into the Units of another class (except into Class E Units, Class ED Units, Class EN Units, Class G Units, Class J Units, Class SP Units, Class SF

Units and Class BN Units unless permitted at the discretion of the Management Company) of the same Fund or into the same or another class of another Fund provided that the Unitholder meets the particular criteria for investment in the class into which he wishes to convert. A conversion of Units can either be instructed as:

- a) An exchange transaction where Units in one Unit class are exchanged for Units of another Unit class of the same or another Fund, the number of new Units received by the Unitholder is calculated based on the value of the existing Units converted using the respective net asset value per Unit of the new Unit class;
- b) Corresponding redemption and subscription transactions where payments will be made out of the Fund and due in to the Fund in accordance with the requirements in the Application for Units and Redemption of Units sections above.

The conversion of Units does not involve the making or receipt of any payment on the part of the Unitholder.

The Board of Managers of the Management Company reserve the right to charge a maximum 2% conversion charge on the conversion value or redemption proceeds, inclusive of any dilution adjustment (payable to the Management Company) for conversions relating to the Class SP Units and Class SF Units. Such conversions and any charges will be effected at the Valuation Point on the relevant Dealing Day.

Save for the conversion charge in respect of the Class SP Units and Class SF Units referred to above, no conversion charge shall be charged by the Umbrella Fund, the Fund, the Management Company or its affiliates for any conversion of Units into the Units of another class of the same Fund or into the same or another class of another Fund. However Unitholders may be charged a conversion charge by their financial adviser or intermediary. Where Unitholders are converting between D or DL Unit Classes through a financial intermediary, a conversion charge of up to 1% of the amount of the Units converted into another Unit Class may be payable to the financial adviser or intermediary. Unitholders should consult their financial adviser or the intermediary about any such fees.

### **Market Timing and Late Trading/Excessive Trading Policies**

The Management Company emphasises that all investors and Unitholders are bound to place their subscription, redemption or conversion order(s) no later than the applicable Dealing Deadline for transactions in the Umbrella Fund's Units. When doing so, orders are being placed for execution on the basis of still unknown prices. Late trading is not accepted.

Market Timing is not accepted, and any suspicious order may be rejected by the Management Company.

Excessive trading into and out of the Funds can disrupt portfolio investment strategies and increase the Funds' operating expenses. The Funds are not designed to accommodate excessive trading practices. The Management Company reserves the right to restrict, reject or cancel purchase, redemption and conversion orders as described above, which represent, in its sole judgment, excessive trading.

Unitholders seeking to engage in excessive trading practices may deploy a variety of strategies to avoid detection, and there is no guarantee that the Management Company or its agents will be able to recognise such Unitholders or curtail their trading practices. The ability of the Management Company and its agents to detect and curtail excessive trading practices may also be limited by operational systems and technological limitations.

To the extent that the Management Company or its agents are unable to curtail excessive trading practices in a Fund, these practices may interfere with the efficient management of the Fund's portfolio, and may result in the Fund engaging in certain activities to a greater extent than it otherwise would, such as maintaining higher cash balances, using a line of credit and engaging in Fund transactions. Increased portfolio transactions and the use of a line of credit would correspondingly increase the Fund's operating costs and decrease the Fund's investment performance, and maintenance of a higher level of cash balances would likewise result in lower Fund investment performance during periods of rising markets.

### **Structured Products**

Unitholders shall not structure or facilitate the structuring of, nor shall an investment in a Fund be associated with the structuring of, any financial product which is linked in any way to the investment in the Fund unless the Unitholder has given prior written notification to the Management Company, the Investment Manager or the Distributor. In the event that a Unitholder in the Fund fails to comply with the aforementioned requirement, then the Management Company reserves the right, at its sole discretion, to compulsorily repurchase and cancel any Units held by the Unitholder and neither the Distributor, the Investment Manager nor the Management Company shall be liable whatsoever for any loss, liability or cost incurred or suffered by the Unitholder.

### **Issue and Redemption Prices/Calculation of the Net Asset Value/Valuation of Assets**

The net asset value of the Units of each class in each Fund is based on the actual market price of the assets of the Fund, including accrued income less liabilities and provisions for accrued expenses. This is calculated by the Administration Agent on the Valuation Point which is at the close of business on the relevant Dealing Day. Investors may purchase and redeem Units of each class in each Fund on each Dealing Day, as set forth below in more detail.

The net asset value per Unit in each class is calculated by the Administration Agent in the currency in which the relevant Fund is denominated, by dividing the net asset value of each class of Units of the Fund by the number of its Units of each class in circulation (see Management Regulations, Article 7). The net asset value per Unit in each of the non-US Dollar denominated classes is expressed in the applicable denomination currency by converting the net asset value in which the relevant Fund is denominated into the applicable denomination currency at the prevailing exchange rate on the relevant Dealing Day. The normal currency position of the Unit classes will be unhedged.

The total net assets of the Umbrella Fund are expressed in the Base Currency and correspond to the difference between the assets of the Umbrella Fund and its total liabilities. For the purpose of this calculation, any portion of the net assets of a Fund that is denominated in another currency is converted into the Base Currency at the prevailing exchange rate on the Dealing Day.

The net asset value, as well as the issue, conversion and redemption prices, is available at the Management Company and the Administration Agent on the Business Day following the Dealing Day at 5:00 p.m. Luxembourg time.

The value of the assets held by each Fund is determined as follows:

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

(b) the value of Transferable Securities and Money Market Instruments and any other assets which are quoted or dealt in on any stock exchange shall be based on the latest available closing price and each of the Transferable Securities and Money Market Instruments and any other assets traded on any Other Regulated Market shall be valued in a manner as similar as possible to that provided for quoted securities;

(c) for non-quoted assets or assets not traded or dealt in on any stock exchange or Other Regulated Market, as well as quoted or non-quoted assets on such other market for which no valuation price is available, or assets for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Management Company on the basis of foreseeable purchase and sale prices;

(d) shares or units in underlying open-ended UCIs shall be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Management Company on a fair and equitable basis. Units or shares of a Closed End Fund will be valued at their last available stock market value;

(e) Money Market Instruments with a remaining maturity of less than 90 days at the time of purchase or securities whose applicable interest rate or reference interest rate is adjusted at least every 90 days on the basis of market conditions shall be valued at cost plus accrued interest from its date of acquisition, adjusted by an amount equal to the sum of (i) any accrued interest paid on its acquisition and (ii) any premium or discount from its face amount paid or credited at the time of its acquisition, multiplied by a fraction the numerator of which is the number of days elapsed from its date of acquisition to the relevant Dealing Day and the denominator of which is the number of days between such acquisition date and the maturity date of such instruments;

Money Market Instruments with a remaining maturity of more than 90 days at the time of purchase shall be valued at their market price. When their remaining maturity falls under 90 days, the Management Company may decide to value them as stipulated above;

(f) liquid assets may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner;

(g) the liquidating value of futures, forward and options contracts not traded on exchanges or on Other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Management Company, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on Other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and/or Regulated Markets on which the particular futures, forward or options contracts are traded by the Umbrella Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Management Company may deem fair and reasonable;

(h) all other assets of any kind or nature will be valued at their net realisable value as determined in good faith by or under the responsibility of the Management Company in accordance with generally accepted valuation principles and procedures.

Whenever a foreign exchange rate is needed in order to determine the net asset value of a Fund, the last available mean rate at 11 a.m. New York time on the Dealing Day will be used.

The Management Company is authorised to apply other adequate valuation principles for the total assets of the Umbrella Fund and the assets of an individual Fund if the aforementioned valuation criteria appear impossible or inappropriate, or due to extraordinary circumstances or events.

In the case of extraordinary circumstances, the Management Company may cancel a valuation and replace it with another valuation.

In the case of extensive or unusually large redemption applications, the Management Company may establish the value of the Units of the relevant Fund on the basis of the prices at which the necessary sales of securities are effected. In such an event, the same basis for calculation shall be applied for conversion and subscription applications submitted at the same time.

Funds may suffer dilution of the net asset value per Units due to investors buying or selling Units at a price that does not take into account dealing and other costs arising when the Investment Manager makes or sells investments to accommodate cash inflows or outflows. To counteract this, a Partial Swing Pricing mechanism may be adopted to protect Unitholders' interests.

### **Suspension of the valuation of the total net assets and of the issue, conversion and redemption of Units**

The Management Company may temporarily suspend the calculation of the total net asset value and hence the issue, conversion and redemption of Units for one or more Funds when:

- stock exchanges or markets which are the basis for the valuation of a major part of the applicable Fund's assets or foreign exchange markets for currencies in which the net asset value or a considerable portion of its assets are denominated, are closed, except on regular public holidays, or when trading on such a market is limited or suspended or temporarily exposed to severe fluctuations;
- political, economic, military or other emergencies beyond the control, liability and influence of the Management Company render the disposal of such Fund's assets impossible under normal conditions or such disposal could be detrimental to the interests of the Unitholders;
- disruptions in the communications network or any other reason make it impossible to determine the value of a considerable part of such Fund's net assets;
- limitations on exchange operations or other transfers of assets render it impracticable for the Umbrella Fund to execute business transactions, or where purchases and sales of the applicable Fund's assets cannot be effected at the normal conversion rates;
- following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or conversion at the level of a master fund in which the Fund invests in its quality as feeder fund of such master fund;
- following a possible decision to liquidate or dissolve the Umbrella Fund or one or several Classes or Funds.

### **Restriction on ownership and transfer of Units**

The Management Company is permitted by the Management Regulations to discontinue temporarily, cease definitively or limit the issuance of Units at any time to persons or corporate entities resident or established in certain countries and territories. The Management Company may exclude certain persons or corporate entities from the acquisition of Units, if such action is necessary for the protection of the Unitholders and of the Umbrella Fund, as a whole. In this connection, the Management Company may (a) reject in its discretion any subscription for Units; and (b) redeem at any time the Units held by Unitholders (i) who are excluded from or limited as to purchasing or holding Units, (ii) who have failed to fulfil any condition of investing in the Umbrella Fund, or (iii) whose Unit ownership the Management Company believes is not in the best

interest of the Umbrella Fund. In particular, unless otherwise permitted by the Management Company in its sole discretion, Units may not be offered or sold to any United States Person, and may not be beneficially held by (i) any Restricted Person (as defined in Rule 5130 of the Conduct Rules of the US Financial Industry Regulatory Authority (*FINRA*)), (ii) any person who is an executive officer or director of (a) a company that is registered under Section 12 of the US Securities Exchange Act of 1934 or files periodic reports pursuant to Section 15(d) thereof, (b) a “covered non-public company” (as defined in *FINRA* Rule 5131), or (c) any person materially supported by a person described in (ii) above, or (iii) any entity in which any person described in (i) or (ii) above has a beneficial interest.

### **Anti-Money Laundering**

The Management Company, the Administration Agent and Distributor and any of their delegates and any dealers or sub-distributors, as appropriate, will at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to money laundering and, in particular, with the Luxembourg law dated 12 November 2004 on the combat against money laundering and terrorist financing as well as with the Regulatory Authority’s circulars and regulations.

Applicants for Units may be required to furnish independent documentary evidence of their identity, a permanent address and information relating to the source of the monies to be invested. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Management Company, the Administration Agent and Distributor or their delegates may refuse to accept the application or may refuse to process a redemption request until proper information has been provided.

To the extent that a Unitholder is purchasing the Units on behalf of, or as an intermediary for, one or more of its clients, the Unitholder will represent and confirm that:

- (i) the purchase of such Units shall be for the benefit of certain clients for whom the Unitholder has an established relationship and investment discretion, or who have authorised this investment; and
- (ii) the Unitholder has obtained and recorded evidence of the identity of its clients who have invested in the Umbrella Fund in accordance with applicable money laundering regulations and prudent due diligence procedures. The Unitholder will inform the Management Company, the Administration Agent and Distributor or any of their delegates immediately in the event of any change in this internal procedure or in the event the Unitholder uncovers additional information about a client that would make this representation no longer true.

## **CHARGES AND EXPENSES**

### **Investment Management Fees**

The Investment Manager shall be paid an investment management fee out of the assets of each of the Funds. The investment management fee is calculated as a percentage of the daily net assets attributable to the relevant Unit Class, accrued daily in the net asset value of the relevant Unit Class and paid quarterly in arrears at the annual rates set out in the table below.

In addition to the investment management fee, a performance fee will also be payable in respect of certain Funds as described in further detail in the performance fee section below.

## EQUITY FUNDS

Fund Name	Unit Class	Investment Management Fee
Wellington Asia Technology Fund	Class S, D, DL and N	0.90%
Wellington Asian Opportunities Fund	Class S, D, DL and N	0.90%
Wellington Climate Strategy Fund	Class S, D, DL and N	0.65%
Wellington Downside Alpha Opportunities Fund	Class S, D, DL and N	0.60%
Wellington Emerging Markets Research Equity Fund	Class S, D, DL and N	0.75%
	Class J	0.60%
	Class BN	1.50%
Wellington Global Health Care Long-Short Fund	Class S, D, DL and N	1.00%
Wellington Global Innovation Fund	Class S, D, DL and N	0.75%
Wellington Global Opportunities Equity Fund	Class S, D and N	0.75%
Wellington Global Quality Growth Fund	Class S, D, DL and N	0.75%
	Class J	0.55%
Wellington Global Research Equity Fund	Class S, D and N	0.75%
Wellington Global Select Capital Appreciation Equity Fund	Class S, D, DL and N	0.95%
Wellington Strategic European Equity Long-Short Fund	Class S, D, DL and N	1.00%
	Class E	0.75%
Wellington US Equity Long-Short Fund	Class E, ED and EN	0.45%
	Class S, D, DL and N	1.00%
Wellington US Research Equity Fund	Class S, G, D, DL, N and NE	0.60%
	Class SP	0.35%
	Class BN	1.35%

## FIXED INCOME FUNDS

Fund Name	Unit Class	Investment Management Fee
Wellington Global Total Return Fund (UCITS)	Class S, D, DL and N	0.20%
Wellington Opportunistic Emerging Market Debt II Fund	Class S, D and N	0.65%

Where permitted by applicable regulation, the Investment Manager may in its own discretion, rebate out of its own assets all or a portion of its fees to financial intermediaries who purchase or solicit sales of Units of the Funds for their underlying clients. Investors should ask their financial intermediaries about any such payments they may receive, and any associated conflicts of interest they may have in recommending a Fund. Financial intermediaries may impose additional costs and fees in connection with their own programs or services. In addition, the Investment Manager may enter into an alternative fee arrangement,



or may vary the structure of existing fee arrangements, for any single Unitholder. This will result in some investors paying lower investment management or performance fees than other investors.

### **Performance Fees**

In addition to the base investment management fee, the Investment Manager may also be paid a performance fee, based on the Unit Class' net return (net of the Fund's base investment management fee and administrative fee but gross of any distribution fee applicable). The **Performance Period** is generally the Fund's fiscal year (1 January – 31 December), but may also refer to periods from the launch of a Unit Class to the fiscal year end or from the previous fiscal year end to the closure of a Unit Class .

The performance fee is accrued daily in the Net Asset Value of each relevant Class and is calculated as described below in respect of the relevant performance fee mechanism.

The performance fee is crystallised at the Fund's fiscal year end and is calculated based on the current year's Units except a) where the Fund or a Unit Class closes on a different date or b) on any Dealing Day (other than the last valuation date of the fiscal year) in which there is a reduction in the number of Units in a Unit Class. In these circumstances any accrued performance fee with respect to such Units will crystallise on that Dealing Day and will then become payable to the Investment Manager.

### **Performance Fee Types**

For certain Unit Classes a High Water Mark, Performance Benchmark or Performance Benchmark with a High Water Mark may also be applicable:

#### ***a) High Water Mark (HWM)***

Where a HWM mechanism applies, a performance fee will be accrued on a Unit Class' net return over a Performance Period in excess of the HWM. At the launch of a Unit Class, the HWM means the Initial Issue Price and is taken as the starting point for the performance fee calculation. If the net asset value per Unit on the last valuation day of a Performance Period is higher than the previous HWM, the HWM is set to the unswung net asset value calculated at the end of the Performance Period. To the extent that a Unit Class did not exceed its HWM at the end of a Performance Period, the HWM is carried forward, and no performance fees will be accrued until the net asset value of that Unit Class exceeds its HWM in a subsequent Performance Period. When this occurs, the Performance Period will extend beyond one year and continue until the next fiscal year end that a performance fee does crystallise. The HWM will be adjusted for any distributions in the case of a Distributing Unit Class.

#### ***b) Performance Benchmark***

Where a Performance Benchmark applies, a performance fee may be accrued on a Unit Class' net return in excess of the return of the Performance Benchmark over a Performance Period. The Performance Benchmark is expressed in the denomination currency of the relevant Unit Class, or for Hedged Unit Classes, hedged to the denomination currency of the relevant Class. If the net asset value per Unit on the last valuation day of a Performance Period is higher than the Performance Benchmark over the same period, the performance fee will crystallise. To the extent that a Unit Class did not exceed its Performance Benchmark at the end of a Performance Period, no performance fee will accrue until the Unit Class' cumulative net return exceeds the cumulative Performance Benchmark return over the same period. When this occurs, the Performance Period will extend beyond one year and continue

until the next fiscal year end that a performance fee does crystallise. The Performance Benchmark will be adjusted for any distributions in the case of a Distributing Unit Class.

**c) Performance Benchmark with HWM**

Where a Performance Benchmark with a HWM applies, a performance fee will be accrued on a Unit Class' net return in excess of both the return of the Performance Benchmark and the HWM, over a Performance Period. The performance fee is accrued daily in the net asset value of each relevant Unit Class and is crystallised at the Fund's fiscal year end subject to achieving a new HWM and outperforming the cumulative Performance Benchmark returns since the last crystallisation date. To the extent that a Unit Class did not exceed its Performance Benchmark and HWM at the end of a Performance Period, no performance fee will accrue until the Unit Class' cumulative net return exceeds both the cumulative Performance Benchmark return and the HWM over the same period. When this occurs, the Performance Period will extend beyond one year and continue until the next fiscal year end that a performance fee does crystallise. The HWM will be adjusted for any distributions in the case of a Distributing Unit Class.

The mechanisms employed in respect of performance fees are detailed for each relevant Fund below.

<b>Fund Name</b>	<b>Performance Benchmark</b>	<b>HWM</b>	<b>Unit Class</b>	<b>Performance Fee</b>
Wellington Global Health Care Long-Short Fund	N/A	Yes	S, D, DL, N	15%
Wellington Global Total Return Fund (UCITS)	ICE Bank of America Merrill Lynch USD Libor 3-month Constant Maturity Total Return Index	Yes	S, D, DL, N	20%
Wellington Strategic European Equity Long-Short Fund	N/A	Yes	S, D, DL, N, E	20%
Wellington US Equity Long-Short Fund	N/A	Yes	S, D, DL, N, E, ED, EN	15%
Wellington US Research Equity Fund	S&P 500 Index	N/A	SP	20%

**Further Considerations**

Due to differences in timing between their date(s) of investment and a Unit Class' performance fee calculation period, subscribers and Unitholders of the Fund should be aware that their own individual performance experience as a Unitholder may not be equivalent to the actual performance of the Fund on which the performance fee is calculated and paid, and the performance fee paid to the Fund may be higher or lower than the actual performance they experience as a Unitholder. Although a daily accrual of a portion of the performance fee in a Unit Class' net asset value mitigates some of these timing differences, the

performance fee is calculated and paid based on the Unit Class' fiscal year assets and performance, not on the basis of a Unitholder's specific assets or performance.

The Unit Class' net return on which the performance fee is based, includes net unrealised gains and losses as at the end of each calculation period and as a result, a performance fee may be paid on unrealised gains which may subsequently never be realised. The performance fee is calculated prior to any dilution adjustments and the methodology is verified by the Depository on a periodic basis.

Performance fees are paid even where the relevant HWM is surpassed, which may be achieved due to market movements.

#### **Distribution Fees**

Unitholders in the Class D Units, Class ED Units, Class G Units and Class DL Units of each Fund will be paid a distribution fee, out of the assets of the relevant Fund attributable to those Unit Classes. The distribution fee is calculated as a percentage of the daily net assets attributable to those Units held by the relevant Unitholder, accrued daily in the net asset value of the relevant Unit Class and paid quarterly in arrears at the annual rates set out in the table below.

The distribution fee is paid to intermediaries holding these Unit Classes to compensate them for distribution and Unitholder services provided to underlying beneficial owners of these Units. Investors considering investing via an intermediary should be aware of these fees and the potential for conflicts of interest that they create where, for example, an intermediary might be incentivised to recommend a particular Fund, or Unit Class within a Fund, that has a higher distribution fee.

#### **EQUITY FUNDS**

<b>Fund Name</b>	<b>Unit Class</b>	<b>Distribution Fee</b>
Wellington Asia Technology Fund	Class D	0.90%
	Class DL	1.40%
Wellington Asian Opportunities Fund	Class D	0.90%
	Class DL	1.40%
Wellington Climate Strategy Fund	Class D	0.65%
	Class DL	1.15%
Wellington Downside Alpha Opportunities Fund	Class D	0.60%
	Class DL	1.10%
Wellington Emerging Markets Research Equity Fund	Class D	0.75%
	Class DL	1.25%
Wellington Global Health Care Long-Short Fund	Class D	0.75%
	Class DL	1.25%
Wellington Global Innovation Fund	Class D	0.75%
	Class DL	1.25%
Wellington Global Opportunities Equity Fund	Class D	0.75%
Wellington Global Quality Growth Fund	Class D	0.75%
	Class DL	1.25%
Wellington Global Research Equity Fund	Class D	0.75%
Wellington Global Select Capital Appreciation Equity Fund	Class D	0.95%
	Class DL	1.45%
Wellington Strategic European Equity Long-Short Fund	Class D	0.75%
	Class DL	1.25%
Wellington US Equity Long-Short Fund	Class D and ED	0.75%

	Class DL	1.25%
Wellington US Research Equity Fund	Class D	0.75%
	Class G	0.50%
	Class DL	1.10%

#### **FIXED INCOME FUNDS**

<b>Fund Name</b>	<b>Unit Class</b>	<b>Distribution Fee</b>
Wellington Global Total Return Fund (UCITS)	Class D	0.50%
	Class DL	0.80%
Wellington Opportunistic Emerging Market Debt II Fund	Class D	0.65%

#### **Administrative Fee**

The Management Company shall be paid an administrative fee out of the assets of each of the Funds attributable to the relevant Unit Class. This administrative fee is calculated as a percentage of the daily net assets of that Unit Class, accrued daily in the net asset value of the relevant Unit Class and paid monthly in arrears. The administrative fee rate will vary across Funds and Unit Classes reflecting the differing expenses of such Funds and/or Unit Classes but the maximum administrative fee that is paid shall not exceed 0.25% per annum for all Unit Classes with the exception of Unit Classes BN, D, N, DL, ED, EN, G and NE where the maximum administrative fee that is paid shall not exceed 0.40% per annum.

The purpose of the administrative fee is to provide a fixed rate of fees which covers the expenses of the Funds which expenses might otherwise be subject to fluctuation over time. The administrative fee ensures that the Funds are protected from these fluctuations, which would not be the case if the Funds had chosen to pay such charges directly. Any increase in the maximum rate of the administrative fee shown above will only be implemented upon giving not less than 1 months' notice to affected Unitholders.

The administrative fees are fixed which means that the Management Company, or other Wellington Management affiliate elected by the Management Company, will bear any costs and expenses incurred by the relevant Unit Classes in any period in excess of the administrative fee charged to the Unit Classes. The Management Company will at all times be entitled to receive the entire amount of the administrative fee paid to it and retain the portion which exceeds the actual operating expenses incurred by the relevant Unit Classes during any period, if any. The Management Company in its discretion may choose to waive a portion of the administrative fee at any time where the Management Company considers it appropriate to do so taking into account the level of assets in a particular Fund.

Further, the Management Company may instruct the Umbrella Fund to pay a portion of the administrative fee directly out of the assets of the Fund to any third party service providers. In such case the administrative fee due to the Management Company will be reduced by the same amount.

The administrative fee covers the following expenses, if applicable to the relevant Unit Class:

- Depositary fees and reasonable out of pocket expenses;
- Administration Agent fees and reasonable out of pocket expenses;
- Transfer Agent fees and reasonable out of pocket expenses;
- Management Company fees relating to the provision, procuring, overseeing and/or monitoring of various services to the Umbrella Fund and the Funds by the Management Company and its affiliates, including, but not limited to, administrative, domiciliary, corporate, company secretarial, risk management, regulatory compliance and reporting services and fees incurred by affiliates of

- the Management Company and payable to third parties providing infrastructure and other support services;
- fees in consideration of the services provided by the Distributor (and its affiliates) in establishing, servicing on an ongoing basis and administering relationships with financial intermediaries and distributors and the cost incurred, including the costs of performing diligence on financial intermediaries/distributors, the additional oversight of third parties service providers, and the provision of additional marketing support;
  - fees of Managers of the Management Company who are not employed by affiliates of the Management Company as well as reasonable out of pocket expenses incurred in discharging their Management Company duties;
  - Auditor’s fees and reasonable out of pocket expenses;
  - professional costs (including, without limitation, the fees and disbursements of counsel, consultants, tax and other advisers or third party support services) that may be incurred by the Management Company, the Depositary, the correspondents or the Administration Agent while acting in the interest of the Unitholders;
  - the cost of taking out and maintaining any insurance policy in relation to the Umbrella Funds, the Management Company and/or the Managers;
  - the Luxembourg *taxe d’abonnement* being 0.05% per annum for Class BN Units, Class D Units, Class N Units , Class DL Units, Class EN Units, Class ED Units or 0.01% per annum for Class S Units, Class G Units, Class J Units, Class E Units, Class SP Units, Class SF Units and Class T Units;
  - any start-up costs associated with the creation of a new Fund or class and the offer of its Units;
  - the costs associated with preparing and/or filing, translating, distributing, or maintaining any materials or documents of the Umbrella Fund, including, without limitation, , the prospectus (as well as any amendments or supplements), Key Investor Information Documents, Fact sheets, websites, annual and semi-annual reports or other documents as may be required under the Management Regulations or under the applicable laws or regulations as well as registration or private placement costs incurred for purposes of distributing Units of the Umbrella Fund (including any paying agents’, lawyers’, auditors’ and other experts’ fee in connection with the foregoing, as well as any administrative charges or taxes incurred) and the costs associated with ratings and/or ranking of Funds;
  - fees payable to third parties for unit class currency management services in relation to the execution of currency hedging transactions for Hedged Unit Classes.

The following expenses are not covered by the administrative fee, are not subject to any maximum limit or cap and will be paid by the Umbrella Fund out of the assets of each Fund:

- investment management fees;
- performance fees;
- distribution fees;
- all taxes (including, without limitation, all income and franchise taxes but excluding the Luxembourg *taxe d’abonnement*), levies, duties or similar charge which may be due on or with respect to the assets and the income of the Umbrella Fund;
- all costs (including brokerage fees) of purchasing or selling assets of the Umbrella Fund including but not limited to brokerage charges, subscription and redemption charges, anti-dilution levies, implicit transactions costs, costs associated with execution/trading or settlement platforms, costs associated with derivative use and any losses incurred in connection therewith are for the account of the relevant Fund;
- the costs of borrowing including interest expenses;
- any extraordinary expenses, such as litigation (for instance, fees connected with the filing of class action lawsuits), exceptional measures, particularly, legal, business or tax expert appraisals or legal proceedings undertaken to protect Unitholders’ interests and all similar charges and expenses.

Such fees, duties and charges will be charged to a Fund or Unit Class in respect of which they were incurred or, where an expense is not considered by the Managers to be attributable to any one Fund, the expense will be allocated by the Managers with the approval of the Depositary, in such manner and on such basis as the Managers in their discretion deem fair and equitable.

## MANAGEMENT AND ADMINISTRATION

### The Management Company

Wellington Luxembourg S.à r.l. was established in Luxembourg on 30 August 1991 as a S.C.A. under Luxembourg law for an undetermined period of time under the denomination *Wellington Luxembourg S.C.A.*. It was converted to the form of a S.A. as of 31 October 2006 and was subsequently converted on 5 December 2014 into a S.à r.l..

Its articles of incorporation were published in the Mémorial C on 5 October 1991. They have been amended several times, the recent amendment notably reflected a number of changes required by the recent amendments to the Luxembourg company law and a conversion of the currency of the share capital from Euros to US Dollars. This amendment was made on 4 July 2018 and deposited with the Luxembourg register of commerce and companies; a notice of the deposit was published on the RESA on 20 July 2018.

The Management Company is registered on the Luxembourg Commercial Register under No. B 37861.

The Management Company's objective is the collective portfolio management of the Umbrella Fund on behalf of its Unitholders in accordance with the provisions of chapter 15 of the 2010 Law. Furthermore, the Management Company is authorised to provide portfolio management, risk management, marketing and administration services related to alternative investment funds ("AIFs") as an authorised alternative investment fund manager under the law of 12 July 2013 on alternative investment fund managers, as amended from time to time.

The Board of Managers of the Management Company undertakes all actions necessary to meet the Management Company's objectives. In particular, the Managers are responsible for the management of the Umbrella Fund's assets and have full power to act on behalf of the Management Company. In addition, at least two Conducting Officers, having received specific delegations from the Board of Managers, will effectively conduct the business of the Management Company.

The Management Company is bound by the Management Regulations, which were established on 15 April 1994, deposited with the Registry of the Luxembourg District Court, and published in the Mémorial C on 17 May 1994. The last amendment of the Management Regulations was deposited with the Luxembourg register of commerce and companies and a notice of the deposit thereof was published on RESA on 24 July 2020.

The Management Company may amend the Management Regulations in the interest of the Unitholders and with the consent of the Depositary.

The Management Company is authorised to file any tax elections and to make any tax certifications with tax authorities outside of Luxembourg as deemed necessary.

The registered office of the Management Company is listed in the Directory. The Management Company has an issued share capital of USD 3,219,145.89 and the majority shareholder is Wellington Management Funds Holdings LLP in Boston, Massachusetts, U.S.A..

Its auditors are PricewaterhouseCoopers.

Currently, Wellington Luxembourg S.à r.l. is managing the Wellington Management Funds (Luxembourg) and Wellington Management Funds (Luxembourg) II. Wellington Luxembourg S.à r.l. is also acting as Alternative Investment Fund Manager of Wellington Management Funds (Luxembourg) II SICAV.

### **The Investment Manager**

In the management of the Umbrella Fund's assets, the Management Company shall be assisted by an Investment Manager, being one of Wellington Management Company LLP, Wellington Alternative Investments LLC, Wellington Management International Limited, Wellington Management Singapore Pte Ltd, Wellington Management Hong Kong Limited or Wellington Management Japan PTE LTD.

Investment Management Agreements with respect to the Umbrella Fund have been entered into for an indefinite period of time between the Management Company and each of the Investment Managers. These Agreements may be terminated by either party with three months' prior written notice.

Wellington Management Company LLP is a limited liability partnership organised in 2014 under the laws of the State of Delaware, U.S.A., and is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended.

Wellington Alternative Investments LLC is a limited liability company incorporated in 2010 under the laws of the State of Delaware, U.S.A., and is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended.

Wellington Management International Limited is a limited liability company incorporated in 2001 under the laws of England and Wales, and is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Wellington Management Singapore Pte Ltd is a limited liability company incorporated in 2014 under the laws of Singapore, and is authorised and regulated in Singapore by the Monetary Authority of Singapore.

Wellington Management Hong Kong Limited is a limited liability company incorporated in Hong Kong under the laws of Hong Kong, and is authorised and regulated in Hong Kong by the Hong Kong Securities and Futures Commission.

Wellington Management Japan PTE LTD is the branch of a limited liability company incorporated in Singapore under the laws of Singapore, and is authorised and regulated in Japan by the Financial Services Agency.

Wellington Management and its predecessor organisations have provided discretionary investment management services to investment companies since 1928, and to pension plans, endowment funds and other investors since 1960. As of 31 December 2018, the Wellington Management group provided discretionary services for over USD 1,003 billion in assets under management. All or a portion of the investment management services for a Fund may be carried out by personnel who are employed by affiliates of the Investment Manager, however in all cases, Wellington Management Company LLP remains responsible for all investment management services under its agreement with the Management Company save for the Wellington Asian Opportunities Fund which is managed by Wellington Management Singapore Pte Limited; Wellington Strategic European Equity Long-Short Fund which are managed by Wellington Management International Limited and Wellington Asia Technology Fund which is managed by Wellington Management Japan PTE LTD.

Under the terms of the Investment Management Agreements, the Investment Manager shall supply the Management Company with economic and financial information and recommendations regarding the Umbrella Fund's investments. The Investment Manager is also in charge of the day-to-day management of the Umbrella Fund's investments.

In consideration of its services for each Fund, the Investment Manager shall be paid by the Management Company, out of the assets of such Fund, a quarterly fee such as is determined from time to time pursuant to that Agreement, payable quarterly in arrears. However the Investment Manager shall not be paid out of the assets attributable to the Class T Units of a Fund. Instead, investors in Class T Units will pay fees incurred by the relevant Fund on services supplied to it directly to the Investment Manager of that Fund on behalf of the Management Company.

### **The Distributor**

The Management Company has appointed Wellington Global Administrator, Ltd (the "Distributor") to act as the Umbrella Fund's distributor under a Distribution Agreement dated 1 November 2006, as amended.

The Distributor receives the distribution co-ordination fee paid out of the assets of Class D, Class ED, Class DL, Class G, Class NE and Class N Units as described under "Administrative Fee" above.

The Distributor will coordinate, provide for and supervise the distribution of Units indirectly through various sub-distributors or other financial intermediaries pursuant to terms and conditions set out in an appropriate agreement with such intermediaries.

The Distributor is an exempted company organised under the laws of Bermuda.

### **The Depositary**

The Management Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch, within the meaning of the 2010 Law and pursuant to the Depositary Agreement, as the depositary of all of the Umbrella Fund's assets, which will be held either directly by the Depositary or through other financial institutions such as correspondent banks, subsidiaries or affiliates of the Depositary, clearing systems or securities settlement systems, pursuant to the terms and conditions of a depositary agreement entered into between them (the "Depositary Agreement"). In the context of their respective roles, the Management Company and the Depositary must act independently and solely in the interests of the Unitholders.

State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.



### Depositary's functions

The relationship between the Management Company, the Umbrella Fund and the Depositary is subject to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with applicable laws and the Management Regulations;
- ensuring that the value of the Units is calculated in accordance with applicable laws and the Management Regulations;
- carrying out the instructions of the Management Company unless they conflict with applicable laws and the Management Regulations;
- ensuring that in transactions involving the assets of the Umbrella Fund any consideration is remitted within the usual time limits;
- ensuring that the income of the Umbrella Fund is applied in accordance with applicable laws and the Management Regulations;
- monitoring of the Umbrella Fund's cash and cash flows;
- safe-keeping of the Umbrella Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### Depositary's liability

In the event of a loss of a financial instrument held in custody, determined in accordance with the 2010 Law, and article 18 of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries, the Depositary shall return financial instruments of identical type or the corresponding amount to the Management Company acting on behalf of the Umbrella Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the 2010 Law.

In case of a loss of financial instruments held in custody, the Unitholders may invoke the liability of the Depositary directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders.

The Depositary will be liable to the Umbrella Fund and the Unitholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the 2010 Law or the Depositary Agreement.

The Management Company acting on behalf of the Umbrella Fund has agreed to indemnify the Depositary from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the negligence, fraud, bad faith, wilful default or recklessness of the Depositary), which may be imposed on,

incurred by or asserted against the Depositary in performing its obligations or duties under the Depositary Agreement.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

#### Delegation

The Depositary has full power to delegate the whole or any part of its safe-keeping functions in accordance with applicable laws and the provisions set out in the Depositary Agreement but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

The Depositary has delegated those safekeeping duties set out in article 18(4)(a) of the 2010 Law to State Street Bank and Trust Company with registered office at One Lincoln Street, Boston, Massachusetts 02111, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Management Company or at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

#### Conflicts of Interest

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Umbrella Fund;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Umbrella Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Umbrella Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Umbrella Fund;

- (iv) may provide the same or similar services to other clients including competitors of the Umbrella Fund;
- (v) may be granted creditors' rights by the Umbrella Fund which it may exercise.

The Management Company acting on behalf of the Umbrella Fund may use an affiliate of the Depository to execute foreign exchange, spot or swap transactions for the account of the Umbrella Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Umbrella Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Umbrella Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Management Company.

Where cash belonging to the Umbrella Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Management Company, the Investment Managers and/or their affiliates may also be a client or counterparty of the Depository or its affiliates.

Potential conflicts that may arise in the Depository's use of sub-custodians include four broad categories:

- (1) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depository may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depository as its counterparty, which might create incentive for the Depository to act in its self-interest, or other clients' interests to the detriment of clients; and
- (4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depository shall act honestly, fairly, professionally, independently and solely in the interests of the Umbrella Fund and its Unitholders.

The Depository has functionally and hierarchically separated the performance of its depository tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depository issues to be properly identified, managed and monitored. Additionally, in the context of the Depository's use of sub-custodians, the Depository imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depository further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depository internally separates the performance of its custodial tasks from its proprietary activity and follows a standard of conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depository, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Unitholders on request.

### Termination

The Depositary and the Management Company have agreed an initial term as set out in the Depositary Agreement. The Depositary or the Management Company may terminate the appointment during or after the initial term for material breach of the Depositary Agreement, as required by law or for persistent failures in service level standards. Following the initial term, either the Depositary or the Management Company may terminate the Depositary's appointment at any time upon one hundred and eighty (180) days prior written notice.

In the case of termination, the Management Company will appoint a new depositary bank for the Umbrella Fund.

Termination is, however, subject to the condition that a new depositary bank, who is required to be appointed in principle within two (2) months, assumes the responsibilities and functions of depositary under Luxembourg law. As required by applicable law, the Depositary is not permitted to retire unless and until a successor Depositary has been appointed. In addition, the Depositary's appointment will continue for such further period as may be necessary for the transfer of all assets of the Umbrella Fund to the new depositary bank.

### **Administration Agent and Paying Agent, Registrar and Transfer Agent**

The duties of central administration agent and paying agent have been entrusted to State Street Bank International GmbH, acting through its Luxembourg Branch by virtue of an administration agency and paying agency agreement (the "**Administration Agency and Paying Agency Agreement**"). Furthermore, the duties of registrar and transfer agent have been entrusted to State Street Bank International GmbH, acting through its Luxembourg Branch by virtue of a registrar and transfer agency agreement (the "**Registrar and Transfer Agency Agreement**").

The Administration Agent and Paying Agent, the Registrar and Transfer Agent and the Management Company have agreed an initial term as set out in the Administration Agency and Paying Agency Agreement, and Registrar and Transfer Agency Agreement. During or after the initial term, the Administration Agency and Paying Agency Agreement and the Registrar and Transfer Agency Agreement may be terminated for material breach of the agreement, as required by law or for persistent failures in service level standards. The Administration Agency and Paying Agency Agreement and the Registrar and Transfer Agency Agreement may be terminated by either party at any time after the initial term upon one hundred and eighty (180) days prior written notice. In the case of termination, the Management Company will appoint a new Administration Agent and Paying Agent and/or Registrar and Transfer Agent as the case may be, for the Umbrella Fund.

### **Unit Class Currency Management Services**

The Management Company has originally appointed State Street Bank Europe Limited ("SSBE"), to manage currency hedging for certain of the Funds' Hedged Unit Classes. SSBE has been acting pursuant to an agreement entered into with the Management Company (the "Original Agreement") to carry out passive currency hedging transactions for certain of the Funds' Hedged Unit Classes. In connection with the United Kingdom having ceased to be a member of the European Union and the rationalisation of the legal entity structure of which SSBE is a part, with effect from January 31st, 2020 (the "Effective Date"), SSBE novated all of its rights, obligations and liabilities under the Original Agreement to State Street Bank International GmbH ("SSBG") pursuant to the Novation and Amendment Agreement entered into by the parties on 11 April 2019. SSBG is a limited company incorporated in Germany. The company was founded in 1970 and is based in Munich, Germany. State Street Bank International GmbH operates as a subsidiary of State Street Holdings Germany GmbH.

## **The Facilities Agent**

The Management Company has appointed Wellington Management International Limited (the “Facilities Agent”) to act as the Umbrella Fund’s facilities agent. The Facilities Agent acts as paying agent for the Umbrella Fund in the United Kingdom. The appointment of the Facilities Agent does not give rise to an increase of costs chargeable to the Unitholders or the Umbrella Fund. The Facilities Agent is regulated in the United Kingdom by the Financial Conduct Authority and is subject to anti-money laundering duties imposed by the laws of England and Wales.

## **TAXATION**

The following statements do not purport to deal with all of the tax consequences applicable to the Umbrella Fund, the Funds or to all categories of investors, some of whom may be subject to special rules, and do not constitute tax advice. Unitholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of their country of incorporation, establishment, residence, or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Management Company regarding the law and practice in force at the date of this Prospectus. There is no guarantee that tax laws and practices will not change, so that the following general discussion of tax matters is no longer accurate. As it is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Umbrella Fund will endure indefinitely.

### **Luxembourg Taxation**

The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Units of the Umbrella Fund. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell the Units. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers of the Units should consult their own tax advisers as to the applicable tax consequences of the ownership of the Units, based on their particular circumstances. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this document and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only.

Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu des personnes physiques*). Corporate Unitholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual

taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Under present Luxembourg law there are no Luxembourg ordinary income, capital gains, estate or inheritance taxes payable by the Umbrella Fund or its Unitholders in respect of their Units in the Umbrella Fund, except by Unitholders who are domiciled in, or residents of, or have a permanent establishment or permanent representative in the Grand-Duchy of Luxembourg to which/whom the Units in the Umbrella Fund are attributable and except by certain former Luxembourg residents. The Umbrella Fund is subject to the Luxembourg *taxe d'abonnement* at the rate of 0.05% (for Class BN, Class D, Class DL, Class ED, Class EN, Class NE and Class N Units) or 0.01% (for Class S, Class E, Class G, Class J, Class SP, Class SF and Class T Units) per annum, based and payable upon the value of the net assets of the Umbrella Fund on the last day of each calendar quarter.

Furthermore, no withholding tax applies on distribution from the Umbrella Fund.

The Management Company will use its reasonable endeavours to conduct its operations in a manner which will preclude the Umbrella Fund from being subject to tax (other than taxes incurred on investments held in the Funds, as discussed below) in any jurisdiction other than Luxembourg.

The Umbrella Fund together with its Management Company are considered in Luxembourg as a single taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Umbrella Fund/Management Company could potentially trigger VAT and require the VAT registration of the Umbrella Fund through its Management Company in Luxembourg. As a result of such VAT registration, the Umbrella Fund/Management Company will be in a position to fulfil their duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability in principle arises in Luxembourg in respect of any payments by the Umbrella Fund to its Unitholders to the extent such payments are linked to their subscription to the Umbrella Fund's Units and do therefore not constitute the consideration received for any taxable services supplied.

**Income derived from the Umbrella Fund's investments in certain Funds may be subject to taxation (including capital gains tax, withholding taxes and duties) in the countries of the issuers of such investments and which may not always be recoverable.**

**Prospective investors are advised to consult their own tax advisors on the tax implications for them of investing, holding and disposing of Units and receiving distributions in respect of Units.**

### **Income Equalisation**

The Management Company may determine on behalf of a Fund to use an accounting technique known as income equalisation in respect of the Distributing Unit Classes to prevent dilution of current Unitholders' earnings.

The income which is accumulated for a Distributing Unit Class during a distribution period is paid out to Unitholders in that class at the end of that specified distribution period. As a result, the income per Unit that is distributed is the same for all Unitholders of that class, regardless of the length of time they held their Units. Income equalisation is designed to ensure that the income distributed per Unit is not impacted by subscriptions, conversions or redemptions in the class.

This is accomplished by applying a portion of the proceeds from Units issued, converted and redeemed, equivalent on a per Unit basis to the amount of undistributed net investment income on the date of the transaction. Apportioned amounts are credited or charged to undistributed income. As a result, distributions of the Unit class will not be impacted by issues, conversions or redemptions of Units.

Special rules may apply when a fund operates income equalisation and Unitholders should seek their own professional advice as to the tax consequences of investing in Units of the Umbrella Fund.

### **Austrian Taxation**

The following information is intended to give a general overview of the principles of Austrian taxation on income derived from investment funds for investors subject to unlimited tax liability in Austria based on the legal status applicable since 1 April 2012.

The discussion is generic, and specific cases are not considered. As no tax advice on the taxation of individual investors is hereby given, it is recommended that investors seek advice from a tax advisor regarding the taxation of their respective holdings.

Investment funds are transparent according to Austrian tax law. This means that income from the Fund is not taxed at the Fund level but at investor level (tax transparency).

The Fund's income is generally taxable when it is distributed to the investors. Income, which is not distributed, is taxable as deemed distributed income ("DDI") once a year.

The Investment Fund Act 2011 provides for two tax categories for foreign investment funds:

- Investment funds which have a tax representative, who reports the tax categorisation of distributions and DDI to the Oesterreichische Kontrollbank ("OeKB") (reporting funds) and
- Investment funds, which do not have a tax representative and which are therefore subject to the lump-sum taxation (black funds).

### ***Unitholders: Private Investors***

#### *Taxation of the Fund's income*

The Fund's taxable income consists of:

- the ordinary income (e.g. interest income, dividend income, other ordinary income minus the Fund's expenses) and
- the extraordinary income (e.g. realised capital gains from the sale of the Fund's assets and income from derivative instruments).

For private investors only 60% of the accumulated extraordinary income is taxable. In case of distributions 100% of the distributed extraordinary income is taxable.

Negative extraordinary income (realised capital losses after netting with realised capital gains) can be credited against ordinary income (dividends, interest and other income minus expenses). If capital losses exceed the net investment income, the exceeding amount can be carried forward at the unit class level. Further, negative net investment income can be offset against realised capital gains and carried forward if the negative net investment income exceeds the realised capital gains. In the following financial years, these carried forward amounts have to be offset, firstly against realised capital gains, and after that against the net investment income.

The applicable tax rate for private investors on the fund's income is generally 27.5%. In cases where the fund units are held on Austrian deposit, the 27.5% tax on the DDI and the distributed income is withheld by the Austrian depository bank. In case the fund units are held on foreign deposit, the DDI (which is deemed to be distributed seven months after the fund's financial year-end in this case) and the distributed income have to be included in the private investor's personal income tax return.

### *Sale of Units*

Where private investors sell their Fund units, the difference between the sales price and the purchase price is subject to 27.5% tax irrespective of the holding period. In order to avoid a double taxation of the DDI (e.g. annual taxation and taxation as part of the gain derived from the sale of the fund units) the fund unit's purchase price is increased annually by the taxed DDI. It should be noted that the sales (preliminary) charge must generally not be considered as incidental acquisition cost.

If the fund units are held on Austrian deposit, the 27.5% tax on the capital gain shall be withheld by the Austrian depository bank. In cases where the fund units are held on foreign deposit, the capital gain has to be included in the private investor's personal income tax return.

The capital gains taxation at 27.5% tax only applies to the sale of fund units bought after 31 December 2010. Capital gains from the sale of fund units bought before 1 January 2011 are generally tax free.

### **Unitholders: Individuals Holding the Fund Units as Business Property**

If fund units are held by individuals as business property (sole proprietors or partnerships), the tax rules as described above for private investors are generally applicable with the following exceptions:

- 100% of the accumulated extraordinary income is taxable at 27.5%.
- Individuals holding the fund units as business property have to include the extraordinary income and the realised capital gains or losses from the sale of fund units in their income tax return in any case. Any tax withheld on extraordinary income and on capital gains by the Austrian depository bank will be credited on the individual's income tax.
- The sales (preliminary) charge can be considered as an incidental acquisition cost and has to be included in the individual's income tax return.

### **Unitholders: Corporate Investors**

Ordinary income and extraordinary income are subject to 25% Corporate Income Tax and must be included in the corporate income tax return of the corporation. If the corporate investor sells Fund units, the difference between the purchase price and the sales price less already taxed DDI is subject to 25% Corporate Income Tax (irrespective of the holding period) and must be included in the corporate income tax return. The DDI is deemed to be received by corporate investors at the financial year-end of the fund.

Corporate investors can avoid the withholding tax deduction by providing the Austrian bank with a certificate of exemption. If no certificate of exemption is provided, the deducted withholding tax can be credited against Corporate Income Tax.

### **Proof of Taxable Income**

The tax categorisation of on DDI has to be calculated by an Austrian tax representative on an annual basis and reported to the OeKB within seven months after the fund's financial year-end.



The withholding tax on the DDI is deducted by the Austrian depository bank, as soon as the DDI is published by the OeKB. The tax figures are published on the OeKB's website ([www.profitweb.at](http://www.profitweb.at)).

If an investment fund is not registered with the OeKB, the lump-sum taxation applies as at calendar year-end. In this case, 90% of the increase in the net asset value over the calendar year, but at least 10% of the net asset value at calendar year-end, is subject to taxation.

The correctness of this tax information may be affected by subsequent changes in the law or changes in the application of the law.

## **German Taxation**

### ***Taxation in Germany***

The statements regarding the tax regulations are not to be considered exhaustive. They are not a complete analysis of all tax considerations relating to the holding of a Relevant Unit Class. They do not constitute legal or tax advice. The comments are limited to certain aspects of current German tax law and practice and may not apply to certain classes of investors.

According to the flat rate tax, introduced by the Corporate Tax Reform Act 2008 and which came into effect on 1 January 2009, all capital income within the meaning of § 20 German Income Tax Act of private German Unitholders will be subject to the flat rate tax independent of the duration of holding periods which is levied at a rate of 25% as well as the solidarity surcharge of (5.5% thereof) and the church tax, if applicable.

On 1 January 2018 the new German Investment Tax Act ("new GITA") - regime became effective. The new tax regime differs between investment funds and special-investment funds which are investment funds that have to fulfil certain requirements and are generally eligible for institutional and corporate investors only. All sub-funds of the Umbrella Fund will be treated as investment funds. The special-investment fund tax regime will not apply.

Therefore, the following statements refer to the rules applicable to investment funds. The new investment fund tax regime introduces taxation rules at the level of the fund in addition to changes regarding the taxation at the level of the unitholder.

From 1 January 2018 domestic and foreign investment funds will be taxed at fund level with respect to certain German source income. In general, the tax will apply to German dividend income and German real estate income. In the case of German dividend income, the German tax will be withheld at source. For investment funds that applied for the fund status certificate the tax rate will be 15% (including 5.5% solidarity surcharge). The sub-funds of the Umbrella Fund having exposure to German stocks will use commercially reasonable efforts to apply for the fund status certificate upon request.

### ***The Unitholder***

To account for the systematic change of the investment fund taxation, the new-GITA stipulates a "fictitious" disposal of the units as of 31 December 2017 and a reacquisition of the same as of 1 January 2018. The capital gains will be subject to tax according to the tax rules in place until 31 December 2017. As a consequence, all capital gains derived after 31 December 2017 will be subject to tax according to the new-GITA. The capital gains from the "fictitious" disposal is deferred free of interest until the units are finally sold or redeemed.

Capital gains of units acquired before 1 January 2009 ("grandfathered units") derived from the "fictitious" disposal as of 31 December 2017 will be tax free for private investors, any capital gains derived from

grandfathered units after 31 December 2017 will be subject to tax for private investors if the capital gains exceed EUR 100.000,00.

Under the rules of the new-GITA, Unitholders will be taxed on a cash flow basis (e.g. generally, upon distribution and upon disposal or redemption of the units). In addition, the Unitholder will be taxed based on the so-called pre lump-sum amount (“Vorabpauschale”) on an annual basis provided the value of the fund increased during the calendar year. The pre lump-sum amount applies once a year for accumulating classes or, in case of distributing classes, if the distributions are below the base income amount which will be calculated based on the interest rate published by the Ministry of Finance, the NAV and the distributions during the calendar year.

All taxable income (e.g. distribution, capital gains upon disposal or redemption, pre-lump sum amount, etc.) will be subject to capital income withholding tax of 25% (plus solidarity surcharge and church tax, if applicable) at the level of the private investor. At the level of business investors (e.g. unitholder falling either under the rules of the German Income Tax Act or the German Corporate Income Tax Act) the personal tax rate applies.

Unitholders may benefit from a partial tax exemption depending on the fund type according to the definition in Sec. 20 para. 1 of the new-GITA (e.g. “equity funds”, “mixed funds” or “debt funds”). The applicable fund type is linked to the percentage of equity investments in the Net Asset Value of a sub-fund and is generally stated in its terms and conditions. The minimum equity participation rate thresholds are listed below. The Administration Agent of the Fund calculates the daily percentage of equity holdings (i.e., the equity participation rate). The percentage is published on WM Datenservice.

The partial tax exemption applies on all income (e.g. distribution, capital gains upon disposal or redemption of the units and the so-called pre lump-sum amount (“Vorabpauschale”). The percentage of the partial tax exemption depends on the fund type and the investor type. For example, a private investor can benefit from a 30% tax exemption in case of an equity fund according to the new-GITA. In case of a mixed fund the tax exemption would be 15% for a private investor. In a case of a “debt” fund the tax exemption would be 0% for a private investor.

The following funds are classified as “equity” funds pursuant to Sec. 2(6) of the new-GITA having at least 50% of their NAV invested on a continuous basis in equities listed on an organised market:

Wellington Asia Technology Fund  
Wellington Asian Opportunities Fund  
Wellington Climate Strategy Fund  
Wellington Downside Alpha Opportunities Fund  
Wellington Emerging Markets Research Equity Fund  
Wellington Global Innovation Fund  
Wellington Global Opportunities Equity Fund  
Wellington Global Quality Growth Fund  
Wellington Global Research Equity Fund  
Wellington Global Select Capital Appreciation Equity Fund  
Wellington US Equity Long-Short Fund  
Wellington US Research Equity Fund

The following funds are classified as “mixed” funds pursuant to Sec. 2(6) of the new-GITA having at least 25% of their NAV invested on a continuous basis in equities listed on an organised market:

Wellington Global Health Care Long-Short Fund  
Wellington Strategic European Equity Long-Short Fund

The following funds are classified as “debt” funds pursuant to the new-GITA having less than 25% of their NAV invested on a continuous basis in equities listed on an organised market:

Wellington Global Total Return Fund (UCITS)  
Wellington Opportunistic Emerging Market Debt II Fund

### ***Tax Risk***

The legal and fiscal treatment of funds may change in a way that is unforeseeable and beyond the reasonable control of the Umbrella Fund.

A change in the investment strategy of a fund which would mean a breach of the equity thresholds as defined in the GITA will lead to a loss of the benefit of the partial tax exemption for the unitholder. A change in fund status will also lead to a fictitious redemption of the units and acquisition of the units based on the new fund tax status. The fictitious gain will be deferred free of interest until the units are actually sold or redeemed by the unitholder.

Based on the result of a potential audit by the German tax authorities, there could be a change of fund category of individual sub-funds of the Umbrella Fund. The change may impact the historic and future taxation of the Unitholder.

### **United Kingdom Taxation**

#### ***The Fund***

The Management Company intends, as far as possible, to conduct the affairs of the Umbrella Fund so as to minimise any liability of the Umbrella Fund to UK taxation. Accordingly, and provided that the Umbrella Fund is not trading in the UK through a fixed place of business or agent situated therein that constitutes a “permanent establishment” for UK taxation purposes and that all the trading transactions in the UK of the Fund are carried out through a broker or investment manager acting as an agent of independent status in the ordinary course of its business, the Umbrella Fund will not be subject to UK corporation tax on income or chargeable gains arising to it, other than certain other UK source income, upon which UK withholding taxes may be levied. The Management Company intends that the affairs of the Umbrella Fund are conducted so that these requirements are met, insofar as this is within the Management Company’s control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

The Umbrella Fund has been advised that it may be deemed to be carrying on a trade for the purposes of UK taxation which may have tax consequences for certain UK investors.

The Umbrella Fund should be treated as a transparent entity for UK Tax purposes as regards its income. Accordingly, the Umbrella Fund, as distinct from its Unitholders, should not be liable to UK tax on UK source income, although it may suffer such taxation on behalf of its Unitholders. Investors that are UK tax resident and invest in Units, may have to take their proportionate share of the Umbrella Fund’s income into account for UK tax purposes regardless of whether the Umbrella Fund makes any distributions or redemptions.

It should be noted that the Umbrella Fund, the Management Company, and the Depositary do not provide and do not intend to provide UK investors with tax reporting beyond that provided to current Umbrella Fund investors. UK investors should consult with their tax advisors prior to investing in the Umbrella Fund to ensure that any UK tax reporting requirements that a UK investor may have are satisfied by the Umbrella Fund’s current reporting.

The Fund may be liable to transfer taxes on acquisitions and disposals of investments. In the UK, unless purchased from within an elected clearance service, Stamp Duty Reserve Tax at a rate of 0.5% will be payable by the Fund on the secondary market acquisition of uncertificated stock, shares and certain loan capital issued by a body corporate (a) incorporated in the UK and (b) not incorporated in the UK that are (i) kept on a register that is maintained in the UK, or (ii) paired with UK securities. Acquisitions of units in unit trusts will also be charged to Stamp Duty Reserve Tax unless (a) all the trustees under the scheme are resident outside the United Kingdom and the unit is not registered in a register kept in the United Kingdom by or on behalf of the trustees under the scheme or (b) under the terms of the scheme the trust property can only be invested in exempt investments. Stamp duty will arise at 0.5% on acquisitions of certificated stock or marketable securities, including certain loan capital, issued by (a) UK body corporates and (b) non UK body corporates where (i) there is a matter or thing relating to the transfer done in the UK or (ii) the transfer is executed in the UK. Where stamp duty is paid, SDRT is usually cancelled other than in the case of units in UK unit trusts.

### ***Unitholders***

On the basis that the Umbrella Fund is carrying on an investment activity for UK tax purposes and should be treated as transparent in relation to its income, with effect from 1 December 2009 UK Unitholders will be liable to income tax or corporation tax as income arises to the Umbrella Fund from its underlying assets, regardless of whether such income is paid or credited to them. Such income will retain its original character in the hands of the UK Unitholders, the nature of which will determine whether the dividend allowance (which replaced the tax credit from 6 April 2016) is available for Unitholders subject to income tax, whether other UK or foreign tax credits are available to UK Unitholders generally, and whether any dividend exemptions apply for Unitholders subject to corporation tax. Conversely, the Umbrella Fund should be treated as opaque for the purposes of capital gains such that UK Unitholders should only be subject to tax on any gains upon disposal of their interest in the Umbrella Fund. Offshore funds are generally considered non UK situs for UK resident taxpayers. In the case of Unitholders who are individuals domiciled outside the UK, the gain on disposal may be subject to the remittance basis in particular circumstances.

From 5 April 2017, non-domiciled individuals who have been UK resident for 15 out of the previous 20 tax years will be treated as deemed domiciled in the UK for all tax purposes (including UK Inheritance Tax, 'IHT') from the 16th year of tax residence. The effect of this is that they will be subject to UK tax on the arising basis of taxation (e.g. on their worldwide income and gains). That is, they are taxable in the UK as if they are UK domiciled, as there will be no ability to claim the remittance basis.

Individuals born in the UK with a UK domicile of origin who have acquired a domicile of choice elsewhere, but who return to the UK ("returning non-doms") will have a two year grace period on resuming UK residence before their worldwide assets become subject to IHT. However they will be subject to income and capital gains tax on an arising basis (similar to a UK domiciled individual) as soon as they become UK resident.

The above changes are effective as of 6 April 2017.

### *The UK Offshore Funds Regime*

The Offshore Funds (Tax) Regulations 2009, as amended by the Offshore Funds (Tax) (Amendment) Regulations (the “Offshore Funds Regulations”) introduced a regime for the taxation of investments in offshore funds (as defined in Part 8 of the Taxation (International and other Provisions) Act 2010 (“TIOPA 2010”) which operates by reference to whether a fund opts into a reporting regime (“reporting funds”) or not (“non-reporting funds”).

Units in the Umbrella Fund are likely to constitute interests in offshore funds, as defined for the purposes of TIOPA 2010, with each Class of interest treated as a separate “offshore fund” for these purposes. Any Unitholders who have held their interest prior to 1 December 2009 should consult their advisors as to how their interest will be treated.

The Offshore Funds Regulations provide that if an investor resident in the UK for taxation purposes holds an interest in a transparent offshore fund, and that offshore fund has:

1. met certain investment conditions and provided “sufficient information” to its relevant investors to enable them to complete their tax returns, or
2. has obtained UK reporting status (as it applies to transparent funds), in respect of each year during which their interest is held, any gain accruing to that investor upon the sale, redemption or other disposal of that interest may be charged to UK tax as a capital gain. Where such conditions are not met, any gain accruing upon sale, redemption or other disposal will be treated as income in the hands of the UK investor. Any gain should be adjusted for amounts which have not been paid or credited to investors, but have already been subject to UK tax on income throughout the period during which the UK investor has held their interest.

Certain classes of Units have already applied for and obtained “reporting status”. A list of the Classes which currently have ‘reporting status’ is available at:

<https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>

In broad terms, a transparent “reporting fund” is an offshore fund that fulfils certain upfront and on-going reporting requirements to HMRC and its unit holders. The Management Company intends to manage the affairs of the Umbrella Fund so that these upfront and on-going duties are met and will continue to be met for the relevant Class for each reporting period (as defined for United Kingdom tax purposes) on a per-Unit basis to all relevant Unitholders (as defined for these purposes). The reporting fund status obtained from HMRC for the relevant classes of Units will remain in place permanently provided the annual requirements are undertaken.

Such duties will include providing “sufficient information” to participants (which may include regular categorisations of income for a reporting period) to enable them to meet their tax obligations in the United Kingdom with respect to their interests in the Umbrella Fund, as well as annual reporting to HMRC.

The Management Company intends to issue the annual investor report and any other regular reports via email. Should a Unitholder require reporting to be delivered in a different format they should inform us appropriately using the relevant contact details.

### *Other UK Tax Matters*

The attention of Unitholders subject to UK income tax is drawn to the anti-avoidance provisions of Section 714 of the Income Taxes Act 2007. These provisions deal with the transfer of assets outside the UK which may render certain resident persons liable to income tax in respect of undistributed income profits of the

Fund on an annual basis. However as the Fund is transparent for income tax purposes and those same UK resident individuals would be taxable in any case these provisions should not be in point. The legislation is not directed towards the taxation of capital gains.

The attention of Unitholders (including individuals, companies and trusts) resident in the UK for taxation purposes is drawn to the provisions of section 13 of the TCGA 1992 ("section 13"). Section 13 could be material to any such Unitholder who has an interest in the Fund as a "participator" for UK taxation purposes (which term includes a Unitholder) at a time when any gain accrues to the Fund (such as on a disposal of any of their investments) which constitutes a chargeable gain or an offshore income gain if, at the same time, the Fund is itself controlled in such a manner and by a sufficiently small number of persons as to render the Fund a body corporate that would, were it to have been resident in the UK for taxation purposes, be a "close" company for those purposes. The provisions of section 13 could, if applied, result in a Unitholder with such an interest in the Fund being treated for the purposes of UK taxation of chargeable gains as if a proportionate part of any capital gain or offshore income gain accruing to the Fund had accrued to that person directly; that part being equal to the proportion of the gain that corresponds to that Unitholder's proportionate interest in the Fund. No liability under section 13 could be incurred by such a Unitholder, however, in respect of a chargeable gain or an offshore income gain accruing to the Fund if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons connected with him for UK taxation purposes does not exceed one quarter of the gain. In the case of Unitholders who are individuals domiciled outside the UK, section 13 applies subject to the remittance basis in particular circumstances.

No UK stamp duty or Stamp Duty Reserve Tax should be payable by Unitholders on the primary or secondary cash purchase or sale of FCP units. Stamp duty and/or SDRT may arise on an in specie contribution or distribution involving UK investments into or out of the Fund, respectively.

UK investors in 0% Class S, 15% Class S, 0% Class T- and 15% Class T Units that satisfy certain documentation requirements may be able to claim reductions under the US - UK income tax treaty to the same extent as if they had invested directly in the item giving rise to US tax. The Umbrella Fund has been advised that the proper interpretation of section 6114 of the US tax code currently requires that GBP 0% Class S Unitholders, GBP 15% Class S Unitholders, GBP 0% Class T Unitholders as well as GBP 15% Class T Unitholders file a US tax return disclosing their claim for an exemption from certain US dividend withholding tax under the UK/US Tax Treaty.

## **Swiss Taxation**

The following information gives a general overview of the principles of Swiss taxation on income derived from investment funds for investors subject to unlimited tax liability in Switzerland. However, there is no certainty that the tax authority competent for the income tax assessment of a particular investor will follow this interpretation, and applicants are advised to seek their own advice on the matter.

### ***Swiss Income and Wealth Tax Considerations***

#### ***Private investors holding Units as private assets***

Swiss private investors are liable to income tax on their worldwide income, including net investment income. The general tax rules for such investors who hold Units in investment funds for private investment purposes (e.g. private assets) and not qualifying as professional securities dealers ("gewerbsmässige Wertschriftenhändler"), and who are subject to unlimited Swiss tax liability, are described as follows.

### ***Taxation of distributing Unit classes***

Net investment income (including carry forward) distributed by an investment fund is considered as taxable income at the federal and cantonal/communal level (all Cantons). In case the fund exceptionally retains a small proportion (less than 30%) of the net investment income the retained income will be carried forward. In case the fund retains more than 30% of the net investment income determined according to the rules set out in the circular letter 25 of the Swiss Federal Tax Authority, it will lose its qualification as distributing fund and, as a consequence, distributed as well as retained net investment income may be taxable. Capital gains generated by the fund are tax exempt for the investors if the capital gains are distributed separately.

The market value of the investment in the fund, at the end of each fiscal year of the Unit holder, is subject to cantonal and communal tax on wealth.

Liquidation: Swiss private investors will be subject to taxation for their share of the liquidation proceeds received from the fund less the following items: (i) share in the capital of the fund and (ii) capital gains realised by the fund.

### ***Taxation of accumulating Unit classes***

Accumulated income resulting from net investment income of the respective Unit classes is considered as taxable income with respect to direct federal tax and cantonal/communal taxes. Thus, retained net investment income of an 'accumulation fund' is taxable income for investors although it will not be distributed. Capital gains generated by the fund are tax exempt for investors.

The market value of the investment in the fund, at the end of each fiscal year of the Unit holder, is subject to cantonal and communal tax on wealth.

Liquidation: Swiss private investors will be subject to taxation for their share of the liquidation proceeds received from the fund less the following items: (i) share in the capital of the fund, (ii) capital gains realised by the fund and (iii) accumulated income that has already been subject to the Swiss income tax.

### ***Sale and redemption of Unit***

Capital gains on the sale of Unit held for private investment purposes are in principle not subject to direct federal tax and cantonal/communal taxes. Should the investment activities of a private investor, due to special circumstances be qualified as having a commercial purpose ("gewerbsmässiger Wertschriftenhändler"), any capital gains and losses realised by the fund will be considered as part of ordinary taxable income.

The redemption of the Unit, which are held as private assets, is not triggering any income taxes at the federal and the cantonal/communal level.

### ***Corporate investors and private investors holding Unit as business assets***

Swiss resident corporate investors and individuals holding their Unit as business assets are liable to income taxes on all profits derived from the fund, including all distributions paid by the fund, either income or capital gain and all gains derived from the sale or redemption of the Unit of the fund according to their individual tax regime (direct federal tax, cantonal and communal taxes, church taxes to the extent applicable). Such investors would have to include their income and capital gains in their financial

statements, taking into account Swiss accounting principles. The financial statements are the basis for the tax assessments of Swiss corporate investors.

Swiss resident corporate investors like charities and pension funds, are in general tax exempt with respect to direct federal and cantonal/communal tax.

### ***Swiss Securities Transfer Tax***

The issue of Units in the fund will basically be subject to 0.15 per cent Swiss Securities Transfer Tax, calculated on the consideration for the Units of the fund issued, provided a Swiss securities dealer according to Swiss stamp duty law is involved in an issuance as an intermediary. A Swiss securities dealer in its capacity as a Swiss securities dealer acting as intermediary is liable to levy Swiss Securities Transfer Tax on every counterparty (without regard to the counterparty's country of residence) that is neither a registered Swiss securities dealer nor an exempt party. The full rate of the Securities Transfer Tax is 0.3 per cent, but this is reduced to 0.15% if one of the counterparties is an exempt party, and eliminated entirely if both counterparties are exempt. Since the fund as the issuer of the Units is basically an exempted counterparty, a Swiss securities dealer would have to levy a half Securities Transfer Tax at 0.15 per cent unless an investor can show that it too is an exempt party under the legislation. Where applicable (as will generally be the case) the cost of the Securities Transfer Tax, being the amount of 0.15% of the invested capital, would have to be borne by the investor.

In the event of any subsequent purchase, sale or transfer of Units in the fund through a Swiss securities dealer, in general, a Security Transfer Tax of 0.30 per cent will be levied (e.g. the full rate) in so far as the involved parties were both to be neither a registered Swiss securities dealer nor an exempt party. Redemption of Units in the fund is not subject to any Securities Transfer Tax as long as the Units are cancelled.

### ***Withholding Tax based on Agreement between Switzerland and the European Union***

The European Union and Switzerland have concluded an agreement providing for measures similar to those laid down in the Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "Agreement"). Based on this Agreement and the relevant guidance published by the Swiss Federal Tax Authority, the main points with regard to investment funds established outside Switzerland but distributed by Swiss paying agents are defined by the Agreement, can be summarised as follows: Swiss paying agents have to deduct a withholding tax (the retention) on interest payments to individual beneficial owners who are resident in a Member State of the European Union.

Such investor may opt for the voluntary disclosure ("notification") to the state of residence of interest payments instead of the retention.

The following de minimis rules are applicable (according to the rules set out in the Agreement; please note that applicable home country rules may differ): Income relating to entities which have invested up to 15% of their assets in so called direct and/or indirect debt claims according to art. 7 para. 1 a of the Agreement, shall not be considered as interest payments. As a consequence, any income distributed by a fund or realised upon the sale, refund or redemption of the Us of a fund meeting this requirement, do not fall under the regulations of the Agreement; distributions from funds which invest more than 15% but not more than 25% of their total assets in direct and/or indirect investments in debt claims are subject to retention. The income realised upon the sale, refund or redemption of the Units of such a fund is not subject to retention; and income distributed by a fund or realised upon the sale, refund or redemption of Units of a fund investing more than 25% of its total assets in direct and/or indirect investments generating interest income covered by the Agreement is subject to retention.



If the Swiss paying agent does not obtain the necessary information from the fund concerning the part of interest income, the total amount of the distribution is to be considered interest payment and the Swiss paying agent has to withhold the retention on the total distribution amount (Art. 7 para. 3 of the Agreement). The same rule applies on the proceeds of the sale, refund or redemption of the Units.

Interest payments on claims issued by debtors domiciled in Switzerland are not covered by the Agreement (with some exceptions, e.g. Swiss funds exempted from Swiss anticipatory tax).

Investors for whom the qualifications of a fund under the Agreement is of a concern are invited to contact the Swiss paying agent before an investment in the fund is made. It is expected that this agreement will be cancelled as soon as Switzerland and the European Union start sharing client information based on an automatic information exchange agreement.

## **United States Taxation**

Unitholders are hereby notified, in compliance with requirements imposed by the US Internal Revenue Service (the "IRS"), that the US tax advice contained herein (i) is written in connection with the promotion or marketing by the Umbrella Fund and the Investment Manager of the transaction or matters addressed herein, and (ii) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding US tax penalties. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The summary is based on Internal Revenue Code of 1986, as amended (the "Code"), applicable statutes and regulations, administrative pronouncements and judicial decisions as currently in effect. There can be no assurance (i) that changes in such authorities or their application or interpretation will not be made in the future, possibly with retroactive effect, or (ii) that the IRS will agree with the interpretation described below as applied to the operation of the Umbrella Fund.

### ***The Umbrella Fund***

There are specific exemptions from US federal income tax for non-US persons (including entities and individuals) who restrict their activities in the US to trading in stocks, securities and commodities (including currencies) for their own account. These exemptions may apply regardless of whether the non-US person or their employees conduct such trading through a broker, commission agent, custodian or other agent in the US. These particular exemptions do not apply to a non-US person that is engaged in business activities in the US, other than trading in stocks, securities and commodities (including currencies) for its own account, or if the person is considered a dealer in stocks or securities. The Fund intends to conduct its affairs so that it will not be deemed to be engaged in a trade or business in the US and, therefore, none of its income (other than certain income from investments in U.S. real property interests, if any) should be treated as "effectively connected" with a US trade or business carried on by the Fund. However, in the event that the Fund is deemed to be deriving income which is effectively connected with a US trade or business carried on by the Fund, such income could be subject to US federal income tax at the graduated rates applicable to US persons, and the Fund could also be subject to a branch profits tax on amounts deemed repatriated from the US based on a statutorily calculated dividend equivalent amount.

### ***Non-US Unitholders***

Interest, dividends, and certain payments made in respect of a stock loan or a sale and repurchase contract may be subject to a 30% US gross-basis tax rate when paid to a non US person. Such payments and proceeds from the sale of a security may be subject to a backup withholding tax of 28% where any paying agent or similar person has reason to believe that a US person has not given his taxpayer identification number to such paying agent. In general, a rate that is lower than the 30% US gross-basis tax rate may apply where the

relevant payment is beneficially received by certain non-US persons including, but not limited to, the following:

1. Any person fiscally resident outside the US in a country or territory where:  
such person is entitled to rely on provisions of a double tax treaty between that country or territory and the US, and that treaty reduces the gross-basis tax rate or exempts the payment from gross-basis tax; or
2. Any government or governmental entity of a given country or territory meeting certain conditions (including, generally, a limitation on commercial activities undertaken).

Where an item of income is derived through an intermediate entity or vehicle, such as the Fund, the item of income may be treated as derived by the investor in the intermediate entity for purposes of applying the treaty between the investor's country of tax residence and the US if three conditions are met:

1. the intermediate entity is treated as fiscally transparent by the country in which the investor is a tax resident,
2. the investor deriving the income through the intermediate entity is not, itself, fiscally transparent, and
3. the investor's country of tax residence and the US take a similar approach to fiscal transparency.

An intermediate entity is generally treated as fiscally transparent with respect to an item of income to the extent the country in which the investor is a tax resident requires the investor in the intermediate entity to take into account separately on a current basis its respective share of an item of income paid to the intermediate entity, whether or not the item of income is distributed to the investor in the intermediate entity.

### **Foreign Account Tax Compliance Act Provisions ("FATCA")**

The final regulations for the Foreign Account Tax Compliance Act that was enacted on 18 March 2010 by United States Congress as part of the Hiring Incentives to Restore Employment ("HIRE") Act were issued on 17 January 2013. FATCA is generally effective for payments made after 30 June 2014. The FATCA provisions impose new tax documentation requirements on both an Umbrella Fund and its Unitholders. If the tax documentation requirements are not satisfied, FATCA imposes a 30% withholding tax on certain payments (including dividends, interest and proceeds from the sale of securities) that may be received by an Umbrella Fund or that may be made to a Unitholder on redemption of Units in the Umbrella Fund.

In order to comply with FATCA, the Umbrella Fund may request additional tax-related documentation from its Unitholders. A Unitholder that fails to comply with such documentation requests may be charged with any taxes imposed on the Umbrella Fund attributable to such investor's noncompliance under the FATCA Provisions. The Umbrella Fund may, in its sole discretion, redeem such Unitholder's units. While the Umbrella Fund will make reasonable efforts to seek documentation from Unitholders to comply with these rules and to allocate any taxes imposed or required to be deducted under FATCA to Unitholders whose noncompliance caused the imposition or deduction of the tax, it is possible that complying Unitholders in the Umbrella Fund may be affected by the presence of such non-complying Unitholders.

The Umbrella Fund may find itself subject to an Intergovernmental Agreement ("IGA") that was entered into between the jurisdiction in which the Umbrella Fund is located and the US Internal Revenue Service, that supersedes certain provisions under FATCA. If the Umbrella Fund is subject to an IGA, the Umbrella Fund will apply the appropriate documentation requirements under the terms of the IGA and will make reasonable efforts to assure that the Umbrella Fund complies with the terms of the applicable IGA.

**PURSUANT TO US TREASURY DEPARTMENT CIRCULAR 230, THE UMBRELLA FUND IS INFORMING THE PROSPECTIVE INVESTORS THAT (A) THE SUMMARY SET FORTH ABOVE IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE US FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THE SUMMARY SET FORTH ABOVE WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE FUND AND THE DISTRIBUTOR OF THE UNITS, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

### **Taxation of Investments Generally and Additional Considerations**

The Umbrella Fund invests on exchanges, and in securities issued by entities which are virtually all domiciled in countries other than Luxembourg. Many of these foreign countries have laws that tax non-resident investors, such as the Umbrella Fund, on income arising from that country. While many of these countries have withholding or other mechanisms that clarify the application and payment of tax, in certain countries there can be uncertainty about how tax law is applied to income earned by the Umbrella Fund and as a result, uncertainty as to the amount, if any, that will ultimately be payable by the Umbrella Fund. While the Umbrella Fund monitors the tax posture from its investment activities, there remains a risk that any one, or several, foreign tax authorities will attempt to collect taxes on investment income earned by the Umbrella Fund, or under financial accounting standards, the Umbrella Fund may be required to accrue for such uncertain taxes. This could happen without any prior warning, possibly on a retrospective basis, and could result in a material loss to the Umbrella Fund's net asset value per Unit.

The Umbrella Fund performance and investor return may be affected by future changes in tax regulations.

The income and/or gains of the Umbrella Fund from investments may suffer withholding tax in the countries where such income and/or gains arise. The Umbrella Fund may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Luxembourg and such countries. The rate of withholding tax therefore, may vary from the rate applied to the benchmark against which Umbrella Fund performance is measured where a net of tax benchmark is used. If this position changes in the future and the application of a lower rate results in repayment to the Umbrella Fund, the Net Asset Value of the Umbrella Fund will not be restated and the benefit will be allocated to the existing Unitholders pro rata at the time of repayment.

Generally, Unitholders must include in computing their income for tax purposes the amount of the net income, and the taxable portion of the net realised capital gains, paid or made payable to them in the year by the Umbrella Fund, even if such amount is reinvested in additional units. Generally, Unitholders must report in their tax returns any capital gains realised on the disposition of units which may include a switch between Classes of the same Fund, switch among Funds, a switch between different Funds and/or the liquidation of the Fund or the Umbrella Fund.

Unitholders should consult their own tax advisors concerning the deductibility of management fees paid directly to the Manager.

**The above statements are only intended as a general summary of the current position under current tax law and practice of Unitholders who are the absolute beneficial owners of Units who hold such units as an investment and their applicability will depend upon the particular circumstances of each Unitholder. In particular, these statements may not apply to certain Classes of Unitholders (such as financial institutions). The summary is not exhaustive and does not generally consider tax relief or exemptions.**

**Prospective Unitholders are advised to consult their own tax advisors on the tax implications for them of investing, holding and disposing of Units and receiving distributions in respect of Units.**

## LIQUIDATION AND MERGER

### Liquidation of the Umbrella Fund

The Umbrella Fund and the Funds have been established for an indefinite period.

Unitholders, their heirs or other beneficiaries may not demand the division or dissolution of the Fund.

The Management Company is entitled, however, to give notice of the Umbrella Fund's dissolution at any time. Such notice of dissolution shall be given on RESA. It shall further be published in two other newspapers, including the Luxemburger Wort. No Units may be issued or converted after the date of such decision; however the redemption of Units will remain possible provided that all Unitholders are treated equally.

In the event of dissolution, the Management Company shall realise the Umbrella Fund's assets in the best interests of the Unitholders and instruct the Depositary to distribute the net proceeds from the liquidation of the Funds to the Unitholders of said Funds in proportion to their respective holdings. Any liquidation proceeds which cannot be distributed to the Unitholders at the close of liquidation shall be deposited with the "*Caisse de Consignation*" in Luxembourg until expiry of the prescription period.

### Liquidation of Funds

In the event that the Management Company considers that changes in the political, economic, military, regulatory or business environments, or reductions in the scale of a Fund's total net assets compromise the effective management of a Fund, then, the Management Company is empowered to liquidate at any time one or more Funds. A notice of such liquidation to the Unitholders shall be published in such newspapers as the Management Company may decide. If there are only registered Unitholders, no such publication is required. Registered Unitholders shall then receive such notice by registered mail. Following the decision to liquidate a Fund, the Management Company will determine whether dealing in Units may continue up to the date of liquidation and will inform Unitholders in the notice of liquidation. Redemption of Units will remain possible provided that the Management Company is satisfied that all Unitholders may be treated fairly. The Management Company shall redeem the Units of the concerned Fund and reimburse the Unitholders in proportion to their respective holdings. The liquidation proceeds which cannot be distributed at the close of liquidation of the Fund shall be deposited at the "*Caisse de Consignation*" in Luxembourg.

### Mergers

#### 1) The Umbrella Fund

The Management Company may decide to proceed with a merger (within the meaning of the 2010 Law) of the Umbrella Fund, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the "**New UCITS**"); or
- a fund thereof,

and, as appropriate, to redesignate the Units of the Umbrella Fund concerned as units of this New UCITS, or of the relevant fund thereof as applicable.

In case the Umbrella Fund involved in a merger is the receiving UCITS (within the meaning of the 2010 Law) or in case the Umbrella Fund involved in a merger is the absorbed UCITS (within the meaning of the 2010 Law), and hence ceases to exist, solely the Management Company will decide on the merger and effective date thereof.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Unitholders.

## 2) Funds

The Management Company may decide to proceed with a merger (within the meaning of the 2010 Law) of any Fund, either as receiving or absorbed Fund, with:

- another existing or new Fund within the Umbrella Fund or another fund within a New UCITS (the “**New Fund**”); or
- a New UCITS,

and, as appropriate, to redesignate the Units of the Fund concerned as units of the New UCITS, or of the New Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Unitholders.

Unitholders will in any case be entitled to request, without any charge other than those retained by the Umbrella Fund or the Fund to meet disinvestment costs, the repurchase or redemption of their Units, in accordance with the provisions of the 2010 Law.

## CONFLICTS OF INTEREST

Prospective investors and Unitholders should be aware that the Investment Managers and their affiliates may manage multiple accounts for clients that are also invested in Funds. These accounts often encompass a variety of different investment objectives and strategies. Entities within Wellington Management Group and personnel of the Investment Managers and their affiliates may also invest their own assets in the Funds. In relation to those investments, certain terms of investing in a Fund (e.g. the minimum subscription amount for a class of Units) may be waived and such investments may have different fee arrangements whereby fees are waived, reduced or otherwise not charged including where, for example, the client’s account is charged fees outside the relevant Fund based on the aggregate assets and/or performance of that account, including its investment in the Fund. In addition, the Investment Managers or their personnel may have access to information about a Fund that is not available to other Unitholders in the Funds, or may have access to information on a timelier basis than other Unitholders. The Funds may be subject to restrictions or limitations in its trading or investment under the Investment Managers’ policies and procedures designed to comply with applicable law and its obligations to its clients, however always in conformity to the investment restrictions of the Umbrella Fund. The Investment Managers may seek to hedge or otherwise offset the market risk that arises from its investment in a Fund. The Investment Managers may also, in the course of their business, have potential conflicts of interest with the Fund in circumstances other than those referred to above.

The Investment Managers will, however, have regard in such events to their obligations under the Investment Management Agreements and, in particular, to their obligations to act in the best interests of the Fund and the Unitholders so far as practicable, having regard to their obligations to other clients when undertaking any investments where conflicts of interest may arise. In the event that a conflict of interest does arise the Board of Managers will endeavour to ensure that such conflicts are resolved fairly, investment

opportunities are allocated fairly and any material information relating to a Fund is disclosed in a fair and equitable manner to all Investors.

The Investment Managers and their affiliates manage a significant amount of assets for institutional clients. In addition to serving as sub-adviser for numerous mutual funds in various jurisdictions around the world, the Investment Managers and their affiliates provide investment management for retirement plans, banks, insurance companies, endowments, public funds and hedge funds, both domestically and worldwide. Individual portfolio managers, including the portfolio managers of the Funds, manage multiple accounts for multiple clients. These other accounts may include mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, insurance companies or foundations), bank common trust accounts, and hedge funds. While a portfolio manager applies a consistent investment process across all accounts managed in the same style, portfolio managers often manage multiple investment approaches. Even within the same investment approach, individual accounts have different requirements and attributes with respect to factors such as security and industry concentration limits, liquidity requirements, market cap exposure, portfolio turnover expectations, costs of dealing, method or structure of trade execution, cash flows, risk parameters and other investment parameters. These differences may result in different investment decisions among the portfolios managed by the same portfolio manager or trades being executed at different times or in a different manner.

When a portfolio manager manages more than one account, a potential exists for that portfolio manager to treat one account more favourably than another. This potential conflict exists when, for instance, one portfolio has a higher fee than another portfolio, including a performance-based fee. It may also exist if one client relationship is larger than another or if it is deemed for some reason by the portfolio manager to be more important than another client relationship. For example, a portfolio manager might hypothetically have an incentive to allocate well-priced trades to a client paying higher fees and more expensive trades to a client paying lower fees. As another example, a portfolio manager might hypothetically have an incentive to benefit one client by “trading ahead” of the trading strategies of another client. The Investment Managers are subject to laws and regulations which require them to recognise and disclose the potential investment conflicts and carefully manage them through appropriate policies and oversight. The Investment Managers and their affiliates manage these potential conflicts through allocation policies and procedures, internal review processes, and oversight to ensure that no one client – regardless of type – is intentionally favoured at the expense of another.

These policies and procedures regarding the joint management of funds and other accounts are derived from two fundamental principles of investment management. First, the policies and procedures recognise that there are many legitimate reasons why different portfolios managed by the same person are not always traded identically or simultaneously. Second, the policies and procedures emphasise the value of the individual portfolio manager’s professional judgment regarding the management of clients’ accounts, and his fiduciary duty to serve and protect the best interests of each of his clients.

Certain policies may affect the manner in which the Funds are managed. For example, a general policy has been established by the Investment Managers which prohibits the same individual portfolio manager from simultaneously owning a long position in one client account and holding the same security short in another client account (excluding instances where an account has a net off-setting position, such as a “boxed position” or an “arbitrage position” or a “covered call” where the portfolio manager is both long and short the same security within the same client account, or with respect to certain highly liquid fixed income securities and commodities). This policy could have the effect of limiting certain investments that might otherwise be held by the Funds. Other policies may also have the effect of limiting certain investment opportunities of the Funds.

Prospective investors and Unitholders should also be aware that the Management Company, the Investment Managers, the Distributor or one or more of their affiliates, may make, out of their own

resources, additional cash payments to financial intermediaries in support of certain marketing and administrative activities. In respect of marketing activities this may include payments for or reimbursement of the costs associated with sales and marketing events, such as conferences, seminars, sales or training programs for employees or clients or other intermediary-sponsored events. In respect of administrative activities such payments might relate to platforms, account maintenance or transaction processing. Such payments will only be made to the extent they are not prohibited by applicable laws or internal policies. Depending on the arrangements in place at any particular time, a financial intermediary may have a financial incentive to recommend a particular Fund or Unit Class. You may ask your financial intermediary for information about any payments it receives from the Wellington Management group and any services provided, as well as about any fees and/or commissions it charges in addition to those disclosed in this Prospectus.

The Investment Managers and/or their affiliates may provide seed capital to any of the Funds. When either subscribing for such Units where there are net redemptions or redeeming such Units where there are net subscriptions in a Fund, the relevant Investment Manager or affiliate may benefit to the extent the net subscriptions or redemptions for Units in the Fund on that Dealing Day trigger a swing pricing adjustment as further described in this Prospectus.

## GENERAL INFORMATION

### Distribution Policy

In accordance with Article 13 of the Management Regulations, the Management Company may decide after closing of the annual accounts whether and to what extent net investment income and net realised and unrealised capital gains will be distributed with respect to any Fund. For Equity Funds, distributions to the Unitholders of Distributing Unit Classes of the Funds will generally be made either (i) monthly, declared on or about the last Business Day of the month and paid within one month following the end of the relevant month, (the “**Monthly Distributing Unit Classes**”), (ii) quarterly, declared on or about the last Business Day of the calendar quarter and paid within one month of the relevant quarter (the “**Quarterly Distributing Unit Classes**”), or (iii) annually, declared on or about the last Business Day of the fiscal year and paid within one month following the end of the financial year (the “**Annually Distributing Unit Classes**”), as relevant, depending on the Distributing Unit Class type. It is expected that Equity Funds may issue Quarterly Distributing Unit Classes and Annually Distributing Unit Classes, and that Fixed Income Funds may issue Quarterly Distributing Unit Classes and Monthly Distributing Unit Classes. Unitholders of Accumulating Unit Classes who wish to receive the earnings of a Fund must request a redemption of Units, in accordance with the terms governing redemptions.

Where it is the intention of the Management Company to declare a distribution it shall ordinarily be declared from net investment income, represented by the dividends and interest received by the relevant Fund, after charging expenses and various other items as set out under “Charges and Expenses”, attributable to the relevant Units. Where a class of Unit charges a performance fee this fee will not ordinarily be included as part of the accrued expenses for the purpose of calculating the dividend.

The Management Company may decide to declare and pay distributions with a frequency and timing, as well as offer additional frequency Distribution Unit Classes other than as described above.

No distribution may be made as a result of which the total net assets of the Umbrella Fund would become less than the equivalent of € 1,250,000.

Claims for distributions and allocations not asserted within five years following due date are not valid any longer and the relevant amounts revert to the Fund concerned.

The Management Company may determine on behalf of the Umbrella Fund to use an accounting technique known as income equalisation to prevent current Unitholders' earnings being impacted by subscriptions, conversions or redemptions of Units. Further information is available in the Taxation section.

## **Data Protection**

In the course of business, the Management Company will collect, record, store, adapt, transfer and otherwise process personal data which may include investors' names, address, tax identification number(s), date and place of birth of the investors, account number or its functional equivalent (if the investor is a legal person, the same categories of personal data may be processed in relation to its contact person(s) and/or beneficial owner(s)), by which prospective investors may be directly or indirectly identified. The Management Company is a data controller within the meaning of the EU Data Protection Directive 95/46/EC and the EU Privacy & Electronic Communications Directive 2002/58/EC, any amendments and replacement legislation including the EU General Data Protection Regulation (EU) 2016/679, European Commission decisions, binding EU and national guidance and all national implementing legislation ("**Data Protection Legislation**") and will hold any personal data provided by or in respect of investors in accordance with Data Protection Legislation.

The Management Company and/or any of its delegates or service providers may process prospective investor's and investor's personal data for any one or more of the following purposes and legal bases:

1. to operate the Funds, including managing and administering a Unitholder's investment in the relevant Fund on an on-going basis which enables the Management Company to satisfy its contractual duties and obligations to the Unitholder and any processing necessary for the preparation of the contract with the Unitholder;
2. to comply with any applicable legal, tax or regulatory obligations on the Management Company, for example, under the Luxembourg law of 17<sup>th</sup> December 2010, as amended and anti-money laundering and counter-terrorism legislation and fraud prevention;
3. for any other legitimate business interests' of the Management Company or a third party to whom personal data is disclosed, where such interests are not overridden by the interests of the investor, including for statistical analysis, market research purposes and to perform financial and/or regulatory reporting; or
4. for any other specific purposes where investors have given their specific consent and where processing of personal data is based on consent, the investors will have the right to withdraw it at any time.

Personal data may also be transferred to other entities, such as the Investment Manager, Distributor, Depository or their delegates, acting as data processors. These data processors shall only act on documented instruction from the Management Company, except when they act also as distinct data controllers in order to comply with their own legal and regulatory obligations.

The Management Company and/or any of its delegates or service providers may disclose or transfer personal data, whether in Luxembourg or elsewhere (including entities situated in countries outside of the EEA), to other delegates, duly appointed agents and service providers of the Management Company (and any of their respective related, associated or affiliated companies or sub-delegates) and to third parties including advisers, regulatory bodies, tax authorities, auditors, technology providers for the purposes specified above.

The Management Company will not keep personal data for longer than is necessary for the purpose(s) for which it was collected. In determining appropriate retention periods, the Management Company shall have regard to applicable legal statute of limitations provisions and any statutory obligations to retain



information, including anti-money laundering, counter-terrorism and tax legislation. The Management Company will take all reasonable steps to destroy or erase the data from its systems when they are no longer required.

Where specific processing is based on an investor's consent, that investor has the right to withdraw it at any time. Investors have the right to request access to their personal data kept by the Management Company; and the right to rectification or erasure of their data; to restrict or object to processing of their data, and to data portability, subject to any restrictions imposed by Data Protection Legislation and any statutory obligations to retain such information.

The Management Company and/or any of its delegates and service providers will not transfer personal data to a country outside of the EEA unless that country ensures an adequate level of data protection or appropriate safeguards are in place. The European Commission has prepared a list of countries that are deemed to provide an adequate level of data protection which, to date, includes Switzerland, Guernsey, Argentina, the Isle of Man, Faroe Islands, Jersey, Andorra, Israel, New Zealand and Uruguay. Further countries may be added to this list by the European Commission at any time. The US is also deemed to provide an adequate level of protection where the US recipient of the data is privacy shield-certified. If a third country does not provide an adequate level of data protection, then the Management Company and/or any of its delegates and service providers will ensure it puts in place appropriate safeguards such as the model clauses (which are standardised contractual clauses, approved by the European Commission).

Where processing is carried out on behalf of the Management Company, the Management Company shall engage a data processor, within the meaning of Data Protection Legislation, which implements appropriate technical and organisational security measures in a manner that such processing meets the requirements of Data Protection Legislation, and ensures the protection of the rights of investors. The Management Company will enter into a written contract with the data processor which will set out the data processor's specific mandatory obligations laid down in Data Protection Legislation, including to process personal data only in accordance with the documented instructions from the Management Company.

As part of the Management Company's business and ongoing monitoring, the Management Company may from time to time carry out automated decision-making in relation to investors, including, for example, profiling of investors in the context of anti-money laundering reviews, and this may result in an investor being identified to the tax authorities, law enforcement authorities and to other entities where required by law, and the Management Company terminating its relationship with the investor.

Investors are required to provide their personal data for statutory and contractual purposes. Failure to provide the required personal data will result in the Management Company being unable to permit, process, or release the investor's investment in the Funds and this may result in the Management Company terminating its relationship with the investor. Investors have a right to lodge a complaint with the competent local data protection authority if they are unhappy with how the Management Company is handling their data.

Any questions about the operation of the Management Company's data protection policy should be referred for the attention of the Conducting Officers at the Management Company's registered address.

## **Benchmark Regulation**

The Benchmark Regulation<sup>2</sup> entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to 'critical benchmarks', took effect as at 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. It, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an 'equivalence' decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, 'recognised' by the competent authorities of the applicable EU Member State(s). An exception to this is that a benchmark provided by a non-EU administrator can itself be endorsed for use in the EU by an EU authorised or registered administrator or an EU-based supervised entity, following authorisation of the endorsement by the relevant competent authority.

As required by the Benchmark Regulation the Management Company maintains a contingency plan setting out the actions that it would take in the event that a benchmark (as defined by the Benchmark Regulation) materially changes or ceases to be provided. A copy of the benchmark contingency policy is available free of charge from the Management Company at its registered address.

**The Management Company is required under the Benchmark Regulation to use only benchmarks which are provided by authorised benchmark administrators that are present in the register of administrators maintained by the European Securities and Markets Authority, pursuant to Article 36 of the Benchmarks Regulation.**

Fund Name	Benchmark	Benchmark Administrator	Benchmark Administrator Registered	Use of the Benchmark
Wellington Emerging Markets Research Equity Fund	MSCI Emerging Markets Index	MSCI Limited	✓	Asset allocation
Wellington Global Innovation Fund	MSCI All Country World Index	MSCI Limited	✓	Asset allocation
Wellington Global Opportunities Equity Fund	MSCI All Country World Index	MSCI Limited	✓	Asset allocation
Wellington Global Quality Growth Fund	MSCI All Country World Index	MSCI Limited	✓	Asset allocation
Wellington Global Research Equity Fund	MSCI All Country World Index	MSCI Limited	✓	Asset allocation
Wellington Global Select Capital	MSCI All Country World Index	MSCI Limited	✓	Asset allocation

<sup>2</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

Appreciation Equity Fund				
--------------------------	--	--	--	--

Wellington US Research Equity Fund	S&P 500	S&P Dow Jones Indices LLC		Performance fee calculation and asset allocation
Wellington Global Total Return Fund (UCITS)	ICE Bank of America Merrill Lynch USD Libor 3-month Constant Maturity Total Return Index	ICE Benchmark Administration Limited	✓	Performance fee calculation
Wellington Opportunistic Emerging Market Debt II Fund	JP Morgan Emerging Markets Bond Index Global ex CCC	J.P. Morgan Securities LLC		Asset allocation

The abovementioned benchmark administrators which are not yet registered benefit from a transition period for non-EU benchmarks until 31 December 2021 to register as administrators.

### Information to Unitholders

The annual audited reports will be available to Unitholders at the registered office of the Management Company and of the Administration Agent within four months of the close of the financial year. The annual report of the Umbrella Fund shall include reports on the Umbrella Fund in general and on the individual Funds, whereas the annual report of the Management Company shall also include the balance sheet and profit and loss account of the Management Company as well as the Umbrella Fund. The Umbrella Fund's business year starts on the first of January and ends on the last day of December each year.

Unaudited semi-annual reports of the Umbrella Fund will also be made available in a similar manner within two months of the end of the period to which they refer.

Separate accounts are drawn up for each Fund. Following conversion into the Umbrella Fund's currency, the US Dollar, the total of the Funds represents the Umbrella Fund's assets.

Other information on the Umbrella Fund or the Management Company, as well as on the net asset value, and the issue, conversion and redemption prices of the Umbrella Fund's Units, may be obtained on any Luxembourg bank working day at the registered office of the Management Company and of the Administration Agent. Any information relating to a suspension of the calculation of the net asset value as well as of the issue, conversion and redemption of Units shall be published on RESA and in the Luxemburger Wort. The Management Company may also include publications in other newspapers of countries where Units are offered or sold.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Umbrella Fund if the investor is registered himself and in his own name in the Register of Unitholders. In cases where an investor invests in the Umbrella Fund

through an intermediary investing into the Umbrella Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Unitholder rights directly against the Umbrella Fund. Investors are advised to take advice on their rights.

### **APPLICABLE LAW AND JURISDICTION; GOVERNING LANGUAGE**

The Management Regulations are governed by the laws of the Grand Duchy of Luxembourg. Any dispute arising between the Unitholders, the Management Company and the Depositary will be submitted to the jurisdiction of the *Tribunal d'Arrondissement*. However, the Management Company may subject itself and the Umbrella Fund to the jurisdiction of the courts of the countries in which the Units of the Umbrella Fund are sold with respect to claims by investors resident in such countries.

English shall be the governing language of this Prospectus and of the Management Regulations.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered offices of the Management Company and the Administration Agent:

**1) the Management Regulations;**

**2) the Articles of Incorporation of the Management Company;**

**3) the following agreements:**

- the Investment Management Agreements between the Management Company and each of Wellington Management Company LLP, Wellington Alternative Investments LLC, Wellington Management International Limited, Wellington Management Hong Kong Limited, Wellington Management Singapore Pte Ltd and Wellington Management Japan PTE LTD as Investment Manager;
- the Distribution Agreement between the Management Company and Wellington Global Administrator, Ltd. as Distributor;
- the Depositary Agreement between the Management Company and State Street Bank International GmbH, acting through its Luxembourg Branch as Depositary;
- the Administration Agency and Paying Agency Agreement between the Management Company and State Street Bank International GmbH, acting through its Luxembourg Branch as Administration Agent and Paying Agent;
- the Registrar and Transfer Agency Agreement between the Management Company and State Street Bank International GmbH, acting through its Luxembourg Branch as Registrar and Transfer Agent.

The agreements referred to above may be amended by mutual consent between the parties thereto.

### **Complaints Handling**

The details of the Umbrella Fund's complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg.

### **Best Execution**

The Umbrella Fund's best execution policy sets out the basis upon which the Management Company will effect transactions and place orders in relation to the Umbrella Fund whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 18/698 to obtain the best possible result for the Umbrella Fund and its Unitholders. Details of the Umbrella Fund's best execution policy may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg.

### **Strategy for the Exercise of Voting Rights**

The Umbrella Fund has a strategy for determining when and how voting rights attached to ownership of the Umbrella Fund's investments are to be exercised for the exclusive benefit of the Umbrella Fund. A summary of this strategy as well as the details of the actions taken on the basis of this strategy in relation to each Fund may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg and is available on the Investment Manager's website at [www.wellington.com](http://www.wellington.com).

### **Remuneration Policy**

The Management Company has in place remuneration policies, procedures and practices as required pursuant to the Directive (the "**Remuneration Policy**"). The Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed to discourage risk-taking which is inconsistent with the risk profile of the Management Company and the Funds.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company and the Umbrella Fund and of the investors of the Umbrella Fund, and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Management Company or the Funds, and ensures that no individual will be involved in determining or approving their own remuneration. The Remuneration Policy will be reviewed annually.

The assessment process relating to remuneration is set in a multi-year framework appropriate to the holding period recommended to the investors of the Funds, in order to ensure that such assessment is based on the longer-term performance of the Funds and their investment risks. The actual payment of performance-based components of remuneration is spread over the same period.

Fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.

Details of the up-to-date Remuneration Policy are available from <http://www.wellington.com/KIIDS> and a paper copy of the Remuneration Policy will be made available to Unitholders free of charge upon request.

## GLOSSARY

Account Opening Agreement	means the agreement accompanied by the Investor Guide which has to be completed by any investor in order to subscribe for Units of the Umbrella Fund.
Accumulating Unit Class	means a Unit class in which net investment income and net realised capital gains of the Fund are retained in the Fund and not separately distributed to the Unitholder.
Administration Agent	means State Street Bank International GmbH, acting through its Luxembourg Branch.
Annually Distributing Unit Class	means a Unit Class in which distributions of net investment income of a Fund are declared on or about the last Business Day of the fiscal year and paid to the relevant Unitholder within one month following the end of the financial year.
Base Currency	means in relation to any class of Units such currency used for accounting purposes or to measure the profits and losses of the Units. The Base Currency for all Funds is the US Dollar, except for the Wellington Strategic European Equity Long-Short Fund for which the Base Currency is Euros.
Board of Managers	means the managers of the Management Company.
Bond Connect	means the mutual bond market access program between Hong Kong and PRC, established by China Foreign Exchange Trade System (CFETS) & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House (together, the “Mainland Financial Infrastructure Institutions”), and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit (CMU) (together, the “Hong Kong Financial Infrastructure Institutions”), through which overseas institutional investors can invest in fixed income securities traded on the China Interbank Bond Market.
Business Day	means every day that US Federal banks and the New York Stock Exchange are open for business except for:  a) Easter Monday b) May 1 <sup>st</sup> c) the weekday prior to and following Christmas Day as observed by the New York Stock Exchange d) such other days as the Board of Managers may from time to time determine, in which case investors will be informed and this Prospectus will be updated.  A list of the non-Business Days is available from the Transfer Agent. Please note that this list will be kept up to date and may change from time to time.
China A Shares	means Renminbi denominated “A” shares in Mainland China based companies that trade on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

CIBM	means the China Interbank Bond Market which is an OTC fixed income market established in the PRC in 1997. On the CIBM, institutional investors (including domestic and overseas institutional investors) trade sovereign, government and corporate bonds.
Closed End Fund	means an investment fund which does not during its entire life offer to investors the possibility of requesting the redemption of their shares.
CSSF Circular 08/356	means the CSSF Circular 08/356 dated 4 June 2008 on rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments as amended, and other laws, regulations and circulars which may be issued from time to time in this respect.
CoCos	means contingent capital securities (which may be automatically written down upon the occurrence of a specific event) and contingent convertible securities (which may be automatically converted into an equity security upon the occurrence of a particular event) (Please also refer to the risk factor “Convertible Securities”).
Conducting Officers	means persons authorised to carry out the day-to-day management of the Management Company.
Depository	means State Street Bank International GmbH, acting through its Luxembourg Branch.
Dealing Currency	means in relation to any class of Units such currency as is used for subscription and redemption purposes.

Dealing Day/Non-Dealing Day

Dealing Day means the day Units will be issued or redeemed by a Fund, subject to the terms of this Prospectus. Unless otherwise specified in the table below, Funds are daily dealing with a Dealing Day being each Business Day.

Some Funds are weekly dealing. The table below lists the weekly dealing Funds and the relevant Dealing Days for these Funds. Please also refer to the Holiday and Dealing Day Calendar, obtainable from the Transfer Agent, which contains a list of the actual dates of the weekly Dealing Days for these Funds. Please note that this list will be kept up to date and may change from time to time.

Notwithstanding this, some Business Days will be Non-Dealing Days for the below Funds where specific market holidays are followed:

- 1) Wellington Asia Technology Fund will be closed for dealing when banks in Taiwan, Japan, South Korea or Hong Kong or the Taipei Stock Exchange, the Tokyo Stock Exchange, the Korean Stock Exchange or the Hong Kong Stock Exchange are not open for business.
- 2) Wellington Asian Opportunities Fund will be closed for dealing when banks in Hong Kong or Singapore, or the Hong Kong Stock Exchange or the Stock Exchange of Singapore are not open for business.
- 3) The Wellington Strategic European Equity Long-Short Fund will be closed for dealing when banks are not open for business in England.
- 4) The Wellington Emerging Markets Research Equity Fund will be closed for dealing when the banks in Hong Kong or the Hong Kong Stock Exchange are not open for business in Hong Kong.

A current list of these Funds and the Business Days which are Non-Dealing Days is contained in the Holiday and Dealing Day Calendar which can be obtained from the Transfer Agent. Please note that this list will be kept up to date and may change from time to time.

Dealing Days may be amended from time to time as determined by the Management Company.



Dealing Deadline

means the deadline for subscription, conversion and redemption orders to be received by the Transfer Agent, which is 3:00 pm Luxembourg time on the Dealing Day specified in the table below.

Whilst Funds typically have a Dealing Deadline which falls on the Dealing Day, certain Funds require orders to be received prior to the Dealing Day, as specified in the table below. Fund Dealing Deadlines including those requiring pre-notification are listed in the table below.

The Management Company reserves the right to change the Dealing Deadline for all Funds as long as it is not after the Valuation Point.

Fund	Units may be issued and redeemed on:	Dealing Deadline (with usual notification period)
All Funds except those listed below	Any Dealing Day	Same day (T)
Wellington Asia Technology Fund Wellington Asian Opportunities Fund Wellington Emerging Markets Research Equity Fund	Any Dealing Day	One day prior to the Dealing Day (T-1), provided that day is also a Dealing Day*
Wellington Global Health Care Long-Short Fund Wellington Strategic European Equity Long-Short Fund Wellington US Equity Long-Short Fund	Weekly Dealing (Wednesday, provided that day is also a Dealing Day**)	Friday prior to the Dealing Day (T-3), provided that day is also a Dealing Day ***

\* Where it is not a Dealing Day, the Dealing Deadline will default to the prior Dealing Day.

\*\* Where it is not a Dealing Day, it will default to the next Business Day that is not a market holiday for the Fund.

\*\*\* Where it is not a Dealing Day, or there are non-Business Day(s) or market holiday(s) for the Fund between the Dealing Deadline and the Dealing Day, the Dealing Deadline will be extended by the number of Business Day(s) equal to these days.

Directive	means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended, supplemented and updated from time to time.
Distributing Unit Class	means a Unit class in which the Unitholder is eligible to receive distributions of net investment income of a Fund as determined by the Management Company.
Distributor	means Wellington Global Administrator, Ltd.
EU Member State	means any member state of the European Union.
Facilities Agent	means Wellington Management International Limited.
FDIs	means Financial Derivative Instruments.
Force Majeure Events	means natural or environmental disasters or other events outside of the reasonable control of the Umbrella Fund, the Management Company or the Investment Manager, including, for example, flood, drought, earthquake, epidemic, pandemic, terrorist attack, civil war, civil commotion, riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, breaking off of diplomatic relations, nuclear, chemical or biological contamination, legal or regulatory action taken by a government or public authority, labor or trade disputes, strikes, industrial actions or lockouts.
Funds	means the sub-funds of Wellington Management Funds (Luxembourg).
Group of Companies	means companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.
Hedged Unit Class	means a unit class whose Dealing Currency is hedged against the Base Currency and/or other currencies in which the assets of the relevant Fund may be denominated.
Institutional Investor	means any institution investing for its own account or for its own beneficial interest. The term institutional investor does not include a financial intermediary subscribing on behalf of or for the beneficial interest of underlying clients of the financial intermediary.
Investment Manager	means either Wellington Management Company LLP, Wellington Alternative Investments LLC, Wellington Management International Limited, Wellington Management Singapore Pte Ltd, Wellington Management Hong Kong Limited or Wellington Management Japan PTE LTD.

Investor Guide	means the guide to the Umbrella Fund's dealing and other procedures and listing the relevant Unit classes.
Management Company	means Wellington Luxembourg S.C.A. converted to the form of a S.A. on 31 October 2006 and to the form of a S.à r.l. on 5 December 2014.
Management Regulations	means the management regulations of Wellington Management Funds (Luxembourg), approved by Wellington Luxembourg S.à r.l..
Mémorial C	means the Official Gazette of the Grand-Duchy of Luxembourg, the " <i>Mémorial, Recueil des Sociétés et Associations</i> ".
Money Market Instruments	means instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
Monthly Distributing Unit Class	means a Unit Class in which distributions of net investment income of a Fund are declared on or about the last Business Day of the month and paid to the relevant Unitholder within one month following the end of the relevant month.
Net Credit Exposure	means the net loss the Fund would experience from an immediate, no recovery, default by a particular issuer or group of issuers, including any gains or losses on derivative positions, according to the Investment Manager's standard calculation, applied in good faith and in accordance with accepted industry practice.
Other Regulated Market	means a market which is regulated, operates regularly and is recognised and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognised by a State or by a public authority which has been delegated by that State or by another entity which is recognised by that State or by that public authority such as a professional association and (iv) on which the securities dealt are accessible to the public. Without limiting the foregoing criteria, and for the avoidance of doubt, the PORTAL market operated by NASDAQ in the United States is an Other Regulated Market.

Other State	means any State of Europe which is not a EU Member State, and any State of North America or South America, Africa, Asia, Australia and Oceania.
Partial Swing Pricing	means if on the Valuation Point on any Dealing Day, the aggregate net transactions in Units for a Fund exceeds a pre-determined threshold, as determined by the Management Company from time to time, the net asset value may be adjusted upwards or downwards to reflect net inflows and net outflows respectively and is a means of apportioning trading costs associated with such transactions to the investors that create these costs in order to protect existing or remaining Unitholders. Where the net asset value is adjusted upwards subscribing investors will pay and redeeming Unitholders will receive a higher net asset value per Unit than they would have done had the net asset value not been adjusted. Where the net asset value is adjusted downwards subscribing investors will pay and redeeming Unitholders will receive a lower net asset value per Unit than they would have done had the net asset value not been adjusted. The extent of the price adjustment will be set by the Management Company to reflect bid-ask spreads, transaction taxes, dealing and other costs. Such adjustment is not expected to exceed 3% of the original net asset value per Unit. Partial swing pricing may be applied by the Management Company to any Fund of the Umbrella Fund and is not aimed at addressing the specific circumstances of each individual investor transaction. The swing factor and swing thresholds are set and reviewed on a quarterly basis by a Wellington Management group swing pricing review governance group, which reports to the Board of Managers of the Management Company on a quarterly basis. This group has the ability to respond to market events (e.g. higher market volatility) and make intra quarter adjustments. In any other cases where there are net subscriptions or redemptions in the Fund and the Management Company reasonably believes that imposing a partial swing price is in the best interests of existing Unitholders, the Management Company may, at its discretion, impose one.
Quarterly Distributing Unit Class	means a Unit Class in which distributions of net investment income of a Fund are declared on or about the last Business Day of the calendar quarter and paid to the relevant Unitholder within one month of the relevant quarter.
RESA	means the “ <i>Recueil électronique des sociétés et associations</i> ” (“RESA”), the central electronic platform of the Grand Duchy of Luxembourg.
Register of Unitholders	means the register which records the ownership of Units which shall be kept by the Administration Agent.
Regulatory Authority	means the Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.

Regulated Market	means a regulated market according to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments amending Directive 2002/92/EC and Directive 2011/61/EU (“ <b>MiFid II Directive</b> ”). A list of regulated markets according to the MiFid II Directive is regularly updated and published by the European Securities and Markets Authority.
Restricted Person	means any person or entity defined as such in Rule 5130 of the Conduct Rules of the US Financial Industry Regulatory Authority.
Settlement Date	means no later than 4:00 p.m. New York time on the second Business Day following the Dealing Day on which the Units were purchased, unless extended as specified in the contract note, or such other time as will be established by the Management Company from time to time, except for the following Funds where payment will be no later than the third Business Day following the Dealing Day on which the Units were purchased: <ul style="list-style-type: none"> <li>• Wellington Opportunistic Emerging Market Debt II Fund</li> </ul> <p>For payment of redemption proceeds, Settlement Date means a date usually within three Business Days following the Dealing Day.</p>
State	means countries in Europe (other than an EU Member State), North and South America, Asia, Australia, New Zealand or Africa.
Stock Connect	means (i) the Shanghai-Hong Kong Stock Connect, a mutual market access program through which foreign investors can deal in select China A Shares listed on the Shanghai Stock Exchange (SSE) through the Stock Exchange of Hong Kong (SEHK) and (ii) the Shenzhen-Hong Kong Stock Connect, a mutual market access program through which foreign investors can deal in select China A Shares listed on the Shenzhen Stock Exchange (SZSE) through the SEHK.
Transaction Form	means the form on which Unitholders may place orders for redemptions, conversions and any subscriptions following their initial subscription.
Transferable Securities	means <ul style="list-style-type: none"> <li>- equities and other securities equivalent to equities;</li> <li>- bonds and other debt instruments; and</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, with the exclusion of techniques and instruments.</li> </ul>
UCI	means undertaking for collective investment.
UCITS	means a collective investment undertaking in transferable securities within the meaning of the Directive.

Umbrella Fund	means Wellington Management Funds (Luxembourg), an open-ended unincorporated mutual investment fund ( <i>fonds commun de placement</i> ), governed by Part I of the 2010 Law.
Units	means units in Wellington Management Funds (Luxembourg).
United States Person or US Person	means, unless otherwise determined by the Management Company, any citizen or resident of the United States of America, any corporation, trust, partnership, corporation or other entity created or organised in or under the laws of the United States or any state thereof or having its principal place of business in the United States, any legal entity (other than an entity where all of the owners of the entity have limited liability) that is directly or indirectly majority owned by United States Persons and in which such person bear unlimited responsibility for the obligations and liabilities of such entity, any collective investment vehicle that is majority owned by United States Persons, or any estate or trust the income of which is subject to United States federal income tax, regardless of source except that Units may be offered, sold or delivered to a US Person who is not deemed to be a US Person under file 902 (o) of Regulation S under the US Securities Act of 1933.
Valuation Point	means the close of business on the relevant Business Day.
Wellington Management	means Wellington Management Company LLP and its affiliates as well as Wellington Management Funds LLC as the case may be.
1988 Law	means the Luxembourg law of 30 March 1988 on undertakings for collective investment.
2010 Law	means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.

## Appendix A – Investment Restrictions and Techniques and Instruments

### INVESTMENT RESTRICTIONS

#### A. The assets of the Funds shall comprise only one or more of the following:

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a EU Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange of an Other State or dealt in on an Other Regulated Market in an Other State;
- (4) 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 official listing on a stock exchange or on an Other Regulated Market as described under A. (1)-(3) above;
  - such admission is secured within one year of issue;
- (5) units of UCITS and/or other UCIs within the meaning of Article 1 paragraph 2 points a) and b) of the Directive, whether or not established in a EU Member State or in an Other State, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the Directive;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a EU Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in EU law;

(7) financial derivative instruments, e.g. in particular credit default swaps, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in A. (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:

- (i) - the underlying consists of instruments covered by this Section A., financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;
  - the counterparties to OTC derivatives transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Umbrella Fund’s initiative;
- (ii) - under no circumstances shall these operations cause the Umbrella Fund to diverge from its investment objectives.

(8) Money Market Instruments other than those dealt on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a EU Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in A. (1), (2) or (3) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by EU law, or
- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent listed above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**B. Each Fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities or Money Market Instruments other than those referred to above under A (1) through (4) and (8).



- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Umbrella Fund considers this to be in the best interest of the Unitholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. For the purpose of this restriction back-to-back loans are not considered to be borrowings.
- (4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Umbrella Fund shall comply in respect of the net assets of each Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described under items C. (1) to (5), (8), (9), (13) and (14) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

*Transferable Securities and Money Market Instruments*

(1) No Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:

(i) upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or

(ii) the total value of all Transferable Securities and Money Market Instruments of issuers in each of which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivatives transactions made with financial institutions subject to prudential supervision.

(2) A Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.

(3) The limit of 10% set forth above under C. (1)(i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a EU Member State, by its local authorities, by any Other State or by a public international body of which one or more EU Member State(s) are member(s).

(4) The limit of 10% set forth above under C. (1)(i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Fund invests more than 5% of its net assets in qualifying debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Fund.

(5) The securities specified above under C. (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under C. (1)(ii).

(6) Notwithstanding the ceilings set forth above, each Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a EU Member State, by its local authorities, by any other member state of the Organisation for Economic Cooperation and Development (“OECD”), by any member of the G20, Singapore, Hong Kong or by a public international body of which one or more EU 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 such issue do not account for more than 30% of the total net assets of such Fund.

(7) Without prejudice to the limits set forth hereunder under C. (b), the limits set forth under item (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Fund’s investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the Regulatory Authority, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### ***Bank Deposits***

(8) A Fund may not invest more than 20% of its net assets in deposits made with the same body.

#### ***Financial Derivative Instruments***

(9) The risk exposure to a counterparty in an OTC derivatives transaction may not exceed 10% of the Fund’s net assets when the counterparty is a credit institution referred to in A. (6) above or 5% of its net assets in other cases.

(10) Investment in financial derivative instruments shall only be made, and within the limits set forth in (2), (5) and (14), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in C. (1) to (5), (8), (9), (13) and (14). When the Fund invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits set forth in C. (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of A. (7) (i) second indent and C. (a) (10) and the Section “Risk Management Process” hereunder as well as with the risk exposure and information requirements laid down in the sales documents of the Umbrella Fund. When a Fund invests in diversified indices within the limits laid down in A. (7), the exposure to the individual indices will comply with the limits laid down in C. (a) (7). When a Fund invests in eligible non-diversified indices, the exposure to the individual indices will comply with the 5/10/40% ratios rules laid down in C. (a) (1). Transferable securities or Money Market Instruments backed by other assets are not deemed to embed a financial derivative instrument.

The Fund may use total return swaps to gain access to the returns of (i) certain bonds or other instruments that provide bond related returns and (ii) to a limited extent, indexes, equities and other

eligible assets. The counterparties will be reputable financial institutions specialised in this type of transactions.

### ***Units of Open-Ended Funds***

(12) Unless specified in the Section of the Prospectus in relation to the investment objectives and policies of the Funds, no Fund may invest in aggregate more than 10% of its net assets in the units or shares of other UCITS or other UCIs or other Funds.

If specified in the Section of the Prospectus in relation to the investment objectives and policies of the Funds, the following applies:

A Fund may acquire units or shares of UCITS and/or other UCI specified in Section A. (5) above, provided that it does not invest more than 20% of its assets in a single UCITS or UCI.

For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund undertaking for collective investment, as defined by Article 181 of the Law of 2010, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.

Investments in units or shares of UCIs other than UCITS may not in total exceed 30% of the assets of a Fund. If a Fund has acquired units or shares in UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits stipulated in Article 43 of the Law of 2010.

When a Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in C. (1) to (5), (8), (9), (13) and (14).

When a Fund invests in the units of other collective investment schemes that are managed by any other company with which the Management Company is linked by (i) common management, (ii) or control, (iii) or by a direct or indirect interest of more than 10% of the capital or the votes, the Management Company or the other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other collective investment scheme. Moreover, in such cases, no management fee may be charged to the Fund's assets.

### ***Combined limits***

(13) Notwithstanding the individual limits laid down in C. (1), (8) and (9) above, a Fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivatives transactions undertaken with

a single body in excess of 20% of its net assets.

(14) The limits set out in C. (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or financial derivative instruments made with this body carried out in accordance with C. (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of each Fund of the Umbrella Fund.

**(b) Limitations on Control**

(15) No Fund may acquire such amount of shares carrying voting rights which would enable the Umbrella Fund to exercise a significant influence over the management of the issuer.

(16) A Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the securities in issue cannot be calculated.

The ceilings set forth above under C. (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more EU Member State(s) are member(s);
- shares in the capital of a company which is incorporated under or organised pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant 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 set forth under C., items (1) to (5), (8), (9) and (12) to (16); and
- shares in the capital of subsidiary 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 shares at the request of shareholders.

**D. Finally, the Umbrella Fund shall comply in respect of the assets of each Fund with the following investment restrictions:**

- (1) No Fund may acquire commodities including precious metals or certificates representative thereof.
- (2) No Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Fund may use its assets to underwrite any securities.
- (4) No Fund may issue warrants or other rights to subscribe for its Units in such Fund.
- (5) A Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A., items (5), (7) and (8).

(6) The Umbrella Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A., items (5), (7) and (8).

(7) The Umbrella Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned above under B. item (3), and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

(8) Investments from one Fund into another Fund:

A Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Funds of the Umbrella Fund under the condition that:

- the target Fund does not, in turn, invest in the Fund invested in this target Fund;  
and
- no more than 10% of the assets of the target Funds whose acquisition is contemplated, may be invested in aggregate in units of other UCIs;  
and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Fund concerned 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 Fund, their value will not be taken into consideration for the calculation of the net assets of the Umbrella Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

(9) A Fund may also invest in shares or units of other UCIs, including shares or units of a master fund qualified as a UCITS.

**E. Notwithstanding anything to the contrary herein contained:**

(1) The ceilings set forth above may be disregarded by each Fund when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Fund's portfolio.

(2) If such ceilings are exceeded for reasons beyond the control of a Fund or as a result of the exercise of subscription rights, such Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Unitholders.

(3) During the six months following its approval, a Fund may derogate from C., items (1) to (9) and (12) to (14), and D. (8).

The Umbrella Fund has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Units of the Umbrella Fund are offered or sold.

## INVESTMENT TECHNIQUES AND INSTRUMENTS

### A. General

Any Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments for the purpose of efficient portfolio management as set forth in detail in the Section on “Investment Restrictions” of the Prospectus and in this Appendix A.

When these techniques concern the use of financial derivative instruments, the relevant instruments shall conform to the provisions stipulated above in Section A. of the Section “Investment Restrictions”. In addition, the provisions stipulated in the Section “Collateral Management” below have to be complied with.

Under no circumstances shall these operations cause a Fund to diverge from its investment policy and objectives as laid down in the Section on “Investment Restrictions” of the Prospectus and in this Appendix A.

Furthermore, the Umbrella Fund may, for efficient portfolio management purposes, enter into securities lending, repurchase and reverse repurchase transactions, in accordance with the CSSF circulars in force from time to time, as well as the ESMA Guidelines 2014/937 on ETFs and other UCITS issues, and provided that the following rules are complied with:

- All assets received by a Fund with a view to reducing counterparty risk in the context of efficient portfolio management techniques, shall be considered as collateral which is subject to the limits and conditions provided for in the CSSF Circular 08/356 and summarised here below under the Section B. and the Section on “Collateral Management”.
- Under no circumstances shall the securities lending, repurchase and reverse repurchase transactions cause a Fund to diverge from its investment objective(s) nor shall they entail the assumption of any substantial supplementary risk.

The Umbrella Fund is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the “SFTR”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions (“SFTs”) and total return swaps, as set out below.

The types of SFTs the Funds may use consist of repurchase or reverse-repurchase transactions and securities lending transactions. The Funds may use these SFTs for efficient portfolio management purposes and may use total return swaps for efficient portfolio management purposes and/or investment purposes, in each case in accordance with the Funds’ investment objective and policy and as set forth in this Appendix A.

Subject to the limitations referred to in this Appendix A, and unless otherwise specified in the investment policy section of a Fund, any assets of a Fund may be the subject of such SFTs and total return swaps. The current maximum and expected proportion of each Fund’s assets which may be subject to total return swaps and SFTs, expressed as the gross sum of notionals as a percentage of the Net Asset Value, is set out in the table below. None of the Funds currently enter into securities lending transactions.

Fund	Total return swaps		Repurchase agreements	
	Maximum %	Expected %	Maximum %	Expected %
<b>Equity Funds</b>				
Wellington Asia Technology Fund	10	0	10	2
Wellington Asian Opportunities Fund	10	0	10	2
Wellington Climate Strategy Fund	10	0	10	3
Wellington Downside Alpha Opportunities Fund	10	0	10	5
Wellington Emerging Markets Research Equity Fund	10	0	10	2
Wellington Global Health Care Long-Short Fund	300	130	20	10
Wellington Global Innovation Fund	20	7	20	10
Wellington Global Opportunities Fund	0	0	10	3
Wellington Global Quality Growth Fund	10	0	10	2
Wellington Global Research Equity Fund	5	0	10	3
Wellington Global Select Capital Appreciation Fund	10	0	10	3
Wellington Strategic European Equity Long-Short Fund	300	200	20	10
Wellington US Equity Long-Short Fund	300	110	20	10
Wellington US Research Equity Fund	10	0	10	3
<b>Fixed Income Funds</b>	Maximum %	Expected %	Maximum %	Expected %
Wellington Global Total Return Fund (UCITS)	20	0	20	5
Wellington Opportunistic Emerging Market Debt II Fund	10	0	20	5

The proportions set out in the table above may be amended by the Management Company from time to time. In such case, this Prospectus will be updated.

The Management Company will also ensure that the counterparty is a credit institution which either has its registered office in an EU Member State or is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State, or an entity subject to regulation as a Consolidated Supervised Entity (“CSE”) by the US Securities and Exchange Commission. Any counterparty which is not located in the EEA or in a country belonging to the Group of Ten (G-10) shall have at least an investment grade rating.

The types of acceptable collateral received by the Funds in respect of SFTs, total return swaps and other FDIs, as well as the diversification requirements, valuation requirements and limitations on reuse of collateral, are explained below under the heading “*Collateral Management*” in this Appendix A.

The section of this Prospectus entitled “*Risk Factors*” provides a description of the risks associated with the use of SFTs, total return swaps and other FDIs.

Direct and indirect operational costs and fees incurred in the use of SFTs may be deducted from the revenue delivered to the relevant Fund from the use of such techniques. These costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The Investment Managers do not receive reimbursements for costs or fees for techniques of this type. All of the revenues arising from total return swaps, net of direct and indirect financing costs, will be retained by the relevant Fund.

## B. Securities Lending

Any Fund may enter into securities lending transactions provided that they comply with the following rules:

(i) A Fund may only lend securities to a counterparty either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialising in this type of transaction.

(ii) The counterparty to any securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

(iii) As part of any securities lending transaction, a Fund must in principle receive, previously or simultaneously to the transfer of the securities lent, collateral which is issued or guaranteed by an entity that is independent from the counterparty. For further details, please refer to the Section on "Collateral Management".

(iv) A Fund may only enter into securities lending transactions provided that:

- the volume of those transactions is kept at an appropriate level;
- such transactions are in the best interests of Unitholders;
- it is entitled at all times to request the return of the securities lent, or to terminate any securities lending transaction; and
- such transactions do not jeopardise the management of the relevant Fund's assets in accordance with its investment policy.

(v) The risk exposure to a counterparty generated through a securities lending transaction must be combined when calculating the exposure limits referred to under items (C) (a) (9) and (13) of the above Section "Investment Restrictions".

### **C. Repurchase and Reverse Repurchase Transactions**

A Fund may, within the limit set out in the CSSF Circular 08/356, enter into repurchase or reverse repurchase transactions consisting of the purchase or sale of securities with a clause reserving for the counterparty or the Fund the right to repurchase the securities from the other party at a price and term specified under the transaction contract.

A Fund may further enter into repurchase or reverse repurchase transactions, consisting of a forward transaction at the maturity of which the Fund or the counterparty has the obligation to repurchase the asset sold and the other party has the obligation to return the asset bought.

A Fund's involvement in repurchase or reverse repurchase transactions is, however, subject to the following rules:

(i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

(ii) During the life of a purchase transaction which is combined with a right of repurchase, the Fund cannot sell the securities which are the subject of the transaction, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired, unless the Fund has other means of coverage.



(iii) During the life of any reverse repurchase transaction, the Fund may not sell or pledge/give as security the securities purchased under the transaction.

(iv) The Fund must ensure that the level of its exposure to any repurchase transaction is such that it is able, at all times, to meet its redemption obligations to Unitholders.

(v) The Fund may only enter into a repurchase transaction and/or a reverse repurchase transaction provided that it shall be able, at any time, to recall any securities subject to the transaction, the full amount of cash or to terminate the transaction in accordance with the CSSF Circular 08/356.

(vi) The Fund must ensure that upon maturity of these transactions it holds sufficient assets to be able to settle, if applicable, the amount agreed for the restitution of the securities.

(vii) Securities purchased under a repurchase transaction or a reverse repurchase transaction must be compliant with the CSSF Circular 08/356 and the Fund's investment policy and must, together with the other securities that the Fund holds in its Fund, respect the Fund's applicable investment restrictions.

(viii) The risk exposure to a counterparty generated through these transactions must be combined when calculating the limits referred to above under items C. (a) (9) and (13) of the above Section "Investment Restrictions".

## COLLATERAL MANAGEMENT

### A. General

As part of OTC financial derivative transactions and securities lending, repurchase and reverse repurchase transactions, a Fund may receive collateral with a view to reduce its counterparty risk.

The purpose of this section is to set the collateral policy that will be followed by all Funds.

### B. Eligible collateral

#### 1 General principles

Collateral received by a Fund may be used to reduce its counterparty risk exposure with a counterparty if it complies with the following principles at all times:

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out under C. (16) of the Section "Investment Restrictions".
- (b) Valuation – collateral received should be valued on at least a daily basis using available market prices and taking into account appropriate haircuts for each asset class; assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (c) Issuer credit quality – collateral received should be of high quality.
- (d) Correlation – the collateral received by the Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of OTC derivative or securities lending and repurchase transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation to the present point (e), the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's net asset value.
- (f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
- (g) Collateral received should be capable of being fully enforced by the Umbrella Fund for the account of the Fund at any time without reference to or approval from the counterparty.
- (h) Non-cash collateral received cannot be sold, pledged or reinvested.

## 2 Eligible assets

Collateral received by a Fund will only be taken into account for reducing its counterparty risk exposure with a counterparty if it complies with the above-mentioned criteria and consists mainly of assets which are part of the following list or such other assets that comply with the ESMA requirements:

- (a) Liquid assets. Liquid assets include not only cash and short term bank certificates, but also Money Market Instruments such as defined within the Directive. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets.
- (b) Bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.
- (c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.
- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below.
- (e) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.
- (f) Shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

The above general collateral eligibility requirements are without prejudice to the more specific requirements which may apply to a Fund.

### C. Level of collateral

The Funds do not always require collateral of 100% of the exposure to the counterparty but instead will require collateral where the exposure to the counterparty has reached a minimum threshold level. That minimum threshold level will be determined by the

Investment Manager on a counterparty by counterparty basis and will depend on many factors including applicable legal requirements and the credit quality of the counterparty. Daily variation margins will be used if and to the extent required by regulation or otherwise agreed with the counterparty or broker.

**D. Reinvestment of collateral**

1 Non-cash collateral

Non-cash collateral received by a Fund may not be sold, re-invested or pledged.

2 Cash collateral

Cash collateral received by a Fund can only be:

- (a) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (b) invested in high-quality government bonds;
- (c) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- (d) invested in short-term money market funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out in paragraph B. (1)(e) above.

**E. Safekeeping of collateral**

Collateral posted in favour of a Fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-custodians. Collateral posted in favour of a Fund under a security interest arrangement (e.g. a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

**F. Collateral haircuts**

The Umbrella Fund has a policy of generally only accepting non-cash collateral that does not exhibit high price volatility and cash collateral. The haircut applied to the non-cash collateral is determined by the Investment Manager taking into account the characteristics of the assets such as the credit standing of the issuers, the maturity, the currency and the price volatility of the assets. If non-cash collateral that exhibits high price volatility was ever accepted by the Umbrella Fund, the Investment Manager would be required to negotiate appropriate haircuts taking into account the assets characteristic referred to above.

<b>Collateral Instrument Type</b>	<b>Haircut</b>
<b>Cash</b>	<b>0%*</b>
<b>Government Bonds and Agency Securities</b>	<b>0-10 %**</b>
<b>Other</b>	<b>***</b>

*\* Only USD, EUR and GBP cash accepted as collateral;*

*\*\*Agency Securities refers to senior debt securities issued by US government-sponsored agencies such as the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association; Although the Umbrella Fund neither accepts nor posts other types of collateral in the normal course, relevant master agreements permit posting of other property where both the Umbrella Fund and the counterparty agree. In the event that the Umbrella Fund and the counterparty were to agree to permit other property as collateral, both parties would also need to agree to appropriate haircuts. In the event other types of collateral are accepted by the Umbrella Fund, the prospectus and risk management process statement of the Umbrella Fund will be updated accordingly.*

Despite the creditworthiness of the issuer of the assets received as collateral or the assets acquired by the Fund on the basis of cash collateral re-invested, the Fund may be subject to a risk of loss in case of default of the issuer of such assets or in case of default of the counterparties to transactions in which such cash has been re-invested.

#### **G. Stress testing**

If a Fund receives collateral for 30% or more of its assets, then the collateral received will be incorporated into the liquidity stress testing to ensure that the liquidity risk attached to the collateral is assessed, any reporting required is put in place and mitigation action taken.

### **RISK MANAGEMENT PROCESS**

In accordance with the 2010 Law and other applicable regulations, in particular CSSF Circular 11/512, as amended by CSSF Circular 18/698, the Umbrella Fund uses a risk-management process which enables it to monitor and to measure the exposure of the Umbrella Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Umbrella Fund.

Each Fund may invest, according to its investment policy and within the limits laid down in the Section "Investment Restrictions", in financial derivative instruments provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the Section "Investment Restrictions".

When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in the Section "Investment Restrictions".

When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of this Section "Risk Management Process".

## Global Exposure

In relation to financial derivative instruments the Umbrella Fund employs a process for accurate and independent assessment of the value of OTC derivatives and the Umbrella Fund ensures for each of its Fund that its global exposure relating to financial derivative instruments does not exceed the total net value of its Fund.

The global exposure of the Funds is measured either through the commitment, relative or absolute Value-At-Risk (“VaR”) methodology, as indicated in this Section “Risk Management Process” and in the individual Fund’s Investment Objectives and Policies. The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The VaR approach is a risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the investment portfolio over the given time horizon exceeds this value (assuming normal market conditions and no trading in the investment portfolio) is the given probability level.

VaR reports will be produced and monitored daily using the following criteria:

- (a) One tailed confidence interval of 99%;
- (b) Holding period equivalent to 1 month (20 business days);
- (c) Effective observation period (history) of risk factors of at least 1 year (250 business) unless a shorter observation period is justified by a significant increase in price volatility (for instance extreme market conditions);
- (d) Quarterly data set updates, or more frequent when market prices are subject to material changes.

The content of this Section “Risk Management Process” is subject to change and will be updated on a periodic basis.

### *Calculation of the global exposure (when using the relative VaR approach):*

A Fund’s VaR is limited by twice the VaR of a reference portfolio.

### *Calculation of the global exposure (when using the absolute VaR approach):*

A Fund’s VaR is limited to 20% of its net asset value.

### *Calculation of the global exposure (when using the commitment approach):*

Under the commitment approach, all financial derivative positions of a Fund are converted into the market value of the equivalent position in the underlying assets or, where appropriate, a more conservative value such as the notional value may replace the market value. Netting and hedging arrangements may be taken into account when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Under this approach, the global exposure of a Fund is limited to 100% of its Net Asset Value.

**Appendix B – Dealing Currencies, Minimum Initial Subscriptions, Minimum Subsequent Subscriptions and Minimum Holding Amounts for all Funds**

		Class S	Class SP, SF, J and E	Class BN, D, N, DL, ED and EN	Class T
USD or the equivalent in any other currencies	Minimum Initial Subscription	1 mil	5 mil	5,000	5 mil
	Minimum Holding	1 mil	5 mil	5,000	5 mil
	Minimum subsequent subscription	1,000	1,000	1,000	1,000

Each Unit Class is available in each of the following Dealing Currencies: USD, EUR, GBP, CHF, JPY, AUD, NZD, SGD, CAD, NOK, SEK and HKD.

Units in any Class of the Fund are available for subscription at the initial issue price (the “**Initial Issue Price**”) set out below on the day of the launch of the Fund, as may be decided by the Board of Directors (the “**Initial Offer**”). After the Initial Offer, all Unit Classes are available at the applicable Net Asset Value.

The Initial Issue Price for each Unit Class, at which price Unit Classes are or were initially offered in a Fund, is 10 of the relevant Dealing Currency of that Unit Class, save for NOK and SEK where the Initial Issue Price is NOK100 and SEK100 respectively and JPY Unit Classes where the Initial Issue Price is JPY 10,000.

\* For certain Funds which have material US equity exposure, and at the absolute discretion of the Management Company, Class S, Class SP and Class T Units may be further classified as 0%, 15% or Class S Units, 0%, 15% or Class SP Units or 0%, 15% or Class T Units in order to permit eligible investors to access applicable US tax treaties and lower US dividend withholding tax rates.

0% Class S Units, 0% Class SP Units and 0% Class T Units may be made available to investors who (i) are tax resident in a jurisdiction which views the Fund as tax transparent for the purposes of the double tax treaty between that jurisdiction and the US and (ii) demonstrate to the satisfaction of the Management Company and the Administration Agent that they are exempt from US tax on US source dividends under that double tax treaty with the US.

15% Class S Units, 15% Class SP Units and 15% Class T Units may be made available to investors who (i) are tax resident in a jurisdiction which views the Fund as tax transparent for the purposes of the double tax treaty between that jurisdiction and the US and (ii) demonstrate to the satisfaction of the Management Company and the Administration Agent that they qualify for a 15% withholding tax rate on US source dividends under that double tax treaty with the US.

Class S Units, Class SP Units and Class T Units are available to all eligible investors and specifically those which are unable to meet tests (i) and (ii) above in relation to the 0% or 15% Class S Units, 0% or 15% Class SP Units or 0% or 15% Class T Units, where the Management Company has, in its absolute discretion, chosen to classify such classes.

Such Class S Units, Class SP Units and Class T Units will be subject to the full amount of US withholding tax on US source dividends.

\*\* Unitholders should also refer to the Investor Guide for information of the various Funds and Unit Classes.

## Appendix C - Additional Information for Investors in Switzerland

a. Representative in Switzerland

The Representative in Switzerland is BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich

b. Paying agent in Switzerland

The Paying agent in Switzerland is BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich

c. Location where the relevant documents may be obtained

The Prospectus, the Key Investor Information Documents, the Management Regulations as well as the Umbrella Fund's annual and semi-annual reports are available free of charge from the Representative in Switzerland.

d. Publications

1. Announcements in Switzerland concerning the Umbrella Fund or the Funds are made in Switzerland on the recognised electronic platform Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

2. The issue and redemption prices or the net asset value per Unit for each Fund together with the note "exclusive of fees" are published daily on the recognised electronic platform Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

e. Payment of reimbursements and distribution remuneration

The Management Company and its agent may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- Promoting, marketing and distribution of the Umbrella Fund in Switzerland;
- Relationship building and maintenance with potential investors in accordance with local regulation.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipient of the retrocessions are Private Banks, Private Bank platforms, Pension institutions, Insurance Companies and Depositories. In accordance with the Swiss Law, they must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of the remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In the case of distribution activity in and from Switzerland, the Investment Managers and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- They are paid from fees received by the Investment Managers and therefore do not represent an additional charge on the fund assets;
- They are granted on the basis of objective criteria;
- All investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Investment Managers are as follows:

- the volume described by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Investment Managers must disclose the amounts of such rebates free of charge.

Place of performance and jurisdiction the place of performance and jurisdiction for Units distributed in or from Switzerland shall be the registered office of the Representative in Switzerland.

