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## WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) II

Wellington Global Total Return Fund, Wellington Commodities Fund

### OFFERING MEMORANDUM

**16 February 2026**

WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) II ("*Umbrella Fund*") is an open-ended unincorporated mutual investment fund (*fonds commun de placement*) of the umbrella type. The Umbrella Fund is established under the Luxembourg law of 13 February 2007 on specialised investment funds as amended.

*This Offering Memorandum is a consolidated version of all the individual offering memoranda of the funds of the Umbrella 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 Offering Memorandum and the other documents referred 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 Offering Memorandum 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 (“**Unitholders**”) should inform themselves as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

In accordance with Regulation (EU) 1286/2014, as amended, and the Commission Delegated Regulation (EU) 2017/653 (collectively referred to as the “**PRIIPs Regulation**”), a key information document (“**KID**”) will be published for each unit class where such unit class is available to retail investors in the European Economic Area (“**EEA**”).

A retail investor within the meaning of the preceding paragraph means any person who is (a) a retail client as defined in article 4(1), point (11), of Directive 2014/65/EU (“**MiFID II**”); or (b) a customer within the meaning of Directive 2002/92/EC, as amended (the “**IMD**”), where that customer would not qualify as a professional client as defined in article 4(1), point (10), of MiFID II; or (c) not a qualified investor as defined in the Regulation (EU) 2017/1129, as amended or replaced (in all cases referred to herein as a “**Retail Investor**”).

A KID will be handed over to Retail Investors, where units are made available, offered or sold in the EEA, in good time prior to their subscription in the Umbrella Fund. In accordance with the PRIIPs Regulation, the KID will be provided to Retail Investors (i) by using a durable medium other than paper or (ii) at <https://www.wellington.com/KIIDS> in which case it can also be obtained, upon request, in paper form from the AIFM free of charge.

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

The units of the Umbrella Fund (“**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 “**US Persons**” (as hereinafter defined), unless otherwise permitted by the Alternative Investment Fund Manager (the “**AIFM**”) 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 of Units**” herein). Subscriptions for Units are subject to acceptance by the AIFM (as defined hereafter).

Subscriptions are accepted on the basis of this Offering Memorandum and, where this is legally required, of the latest available annual report of the Umbrella Fund containing its audited accounts.

### **Notice regarding marketing in the European Economic Area (the “EEA”)**

In relation to each member state of the EEA (each a “**Member State**”) which has implemented Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the “**AIFMD**”) (and for which transitional arrangements are not/ no longer available), this Offering Memorandum may only be distributed and Units may only be offered or placed in a Member State to the extent that this Umbrella Fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD (as implemented into the local law/ regulation of the relevant Member State), and to the extent that such actions are permitted in the relevant Member State because they are at the initiative of the investor.

In relation to each Member State of the EEA which, at the date of this Offering Memorandum, has not implemented AIFMD, this Offering Memorandum may only be distributed and Units may only be offered or placed to the extent that this Offering Memorandum may be lawfully distributed and the Units may lawfully be offered or placed in that Member State (including at the initiative of the investor).

### **Notice to investors in Singapore**

The offer or invitation which is the subject of this Offering Memorandum is only allowed to be made to Sophisticated Investors and not the retail public. Moreover, this Offering Memorandum is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

The offer of invitation which is the subject of this Offering Memorandum may also be made to the Institutional Investors specified in Section 304 of the SFA. The Investment Manager of the Umbrella Fund, Wellington Management Company LLP is regulated by the U.S. Securities and Exchange Commission in the United States of America, 100 F Street, NE, Washington, DC 20549; Telephone Number (202) 942-8088.

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Units may not be circulated or distributed, nor may Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to a Sophisticated Investor, and in accordance with the conditions, specified in Section 305 of the SFA, (ii) to an Institutional Investor specified in Section 304 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### **Notice to investors in Hong Kong**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Unless permitted to do so by the Securities Laws of Hong Kong, no person may issue or cause to be issued in Hong Kong this Offering Memorandum or any other information, advertisement or document relating to the Units to anyone other than to a person who is defined as a “Professional Investor” for the purposes

of the Securities and Futures Ordinance of Hong Kong (“SFO”). “Professional Investors” include Hong Kong and overseas licensed intermediaries, banks, insurance companies, certain high net worth entities and other persons who may otherwise fall within the definition of a “Professional Investor” set out in Schedule 1 of the SFO.

### **Notice to investors in Australia**

Wellington Management Australia Pty Ltd or its authorised representatives makes offers to Australian investors to arrange for the issue of Units under this document by the AIFM. The AIFM will issue Units under this document in accordance with such offers, on receiving an Application if it is accepted by the AIFM and the Registrar and Transfer Agent. The offer of Units under this document is therefore made under an arrangement between the AIFM and Wellington Management Australia Pty Ltd pursuant to Section 911A(2)(b) of the Corporations Act.

The offer is a private solicitation of expressions of interest from Wholesale Investors (as defined in Section 761G(7) of the Corporations Act) and is available only to those investors. The private solicitation is an offer that does not need a Product Disclosure Statement (“PDS”). This offer is not made for the purpose of allowing all or any of the Units to be subsequently offered for sale.

This document will not be lodged with the Australian Securities and Investment Commission and it does not contain all the information a PDS would contain. It should be read together with the Management Regulations for the Umbrella Fund, a copy of which is available by calling 612-8233-6400 from Wellington Management Australia Pty Ltd. The information contained in this document is provided by the AIFM to Australian Investors in its capacity as AIFM of the Umbrella Fund.

Prospective holders should not construe the contents of this document as legal, tax, investment or other advice. Each investor should make its own enquiries and consult its own advisors as to these matters. Prospective holders are urged to request any additional information they may consider necessary or desirable in making an informed investment decision.

To the maximum extent permitted by Law, the AIFM and Wellington Management Australia Pty Ltd and their related entities do not make any representation nor give any guarantee as to the performance of the investment or any particular return.

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**UMBRELLA FUND**

WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) II  
Unincorporated co-proprietorship with registered address at  
33, Avenue de la Liberté  
L - 1931 Luxembourg  
Grand Duchy of Luxembourg

**MANAGEMENT  
COMPANY AND  
ALTERNATIVE  
INVESTMENT FUND  
MANAGER / AIFM**

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## PART A: GENERAL UMBRELLA FUND INFORMATION

WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) II ("*Umbrella Fund*") is an open-ended investment fund organized under the Luxembourg law of 13 February 2007 (*2007 Law*) on specialised investment funds, as amended from time to time, and qualifies as an alternative investment fund pursuant to the *AIFM Law* and the AIFMD. The Umbrella Fund is an unincorporated mutual investment fund (*fonds commun de placement*) of the umbrella type. The Umbrella Fund is managed as from 28 November 2016 by WELLINGTON LUXEMBOURG S.à r.l. incorporated under the laws of Luxembourg on 30 August 1991 as management company ("*Management Company*"), pursuant to management regulations ("*Management Regulations*") approved by the AIFM also acting as Management Company on 28 November 2016.

The Umbrella Fund is established as a multi-compartment structure. This Offering Memorandum describes the general features of the Umbrella Fund as well as the specifics of the *Wellington Global Total Return Fund*, and the *Wellington Commodities Fund* (each a "*Fund*", all the "*Funds*"). This Offering Memorandum is a consolidated version of all the individual offering memoranda of the Funds. You may also refer to the separate offering memorandum of each Fund.

WELLINGTON LUXEMBOURG S.à r.l. of Luxembourg, Grand Duchy of Luxembourg, serves as the Management Company and as the AIFM of the Umbrella Fund.

WELLINGTON MANAGEMENT COMPANY LLP of Wilmington, Delaware, U.S.A., serves as the Investment Manager of the Umbrella Fund.

WELLINGTON GLOBAL ADMINISTRATOR LTD of Hamilton Bermuda serves as the Distributor of the Umbrella Fund.

State Street Bank International GmbH, Luxembourg Branch serves as depositary, UCI administrator, and registrar and transfer agent of the Umbrella Fund and provides services related to investor communication.

The independent auditor of the Umbrella Fund (*réviseur d'entreprises*) is PRICEWATERHOUSECOOPERS, *Société coopérative*.

This Offering Memorandum constitutes an offer of permanent subscription to Units in the Funds of the Umbrella Fund.

The sale of the Units is reserved to Well-Informed Investors within the meaning of the 2007 Law and the Umbrella Fund will refuse to issue Units to the extent the legal or beneficial ownership thereof would belong to persons or companies which cannot be qualified as such investors. Furthermore, the AIFM will refuse to make any transfer of Units to the extent that such transfer would result in the legal or beneficial ownership of such Units to a non-Well-Informed investor. The AIFM, at its sole discretion, may refuse the issue or the transfer of Units if there exists no sufficient evidence that the person or company to which the Units should be issued or transferred is a Well-Informed Investor within the meaning of the 2007 Law. In order to determine whether a purchaser or transferee (including any beneficial owner thereof) of Units may be qualified as a Well-Informed Investor, the AIFM will refer to the definition below and to the recommendations made by the competent regulatory authority in Luxembourg in relation thereto.

Generally, the AIFM may at its sole discretion, reject any application for subscription or transfer of Units and proceed, at any time, to the compulsory redemption of all the Units legally or beneficially owned by a non-Well-Informed Investor.

A Well-Informed Investor shall be defined as either an Institutional Investor, Professional Investor within the meaning of Annex II to MiFID II and any other natural person who fulfils the following conditions: (i) adheres in writing to the status of well-informed investor and either (ii) invests a minimum of €100,000 in the Umbrella Fund or (iii) benefits from a certificate delivered by a credit institution within the meaning of Directive 2013/36/EU, an investment firm within the meaning of MiFID II or a management company within the meaning of Directive 2009/65/EC, as amended, or an authorised AIFM within the meaning of AIFMD, stating that he or she is competent, experienced and informed enough to appreciate in an adequate manner an investment in a specialized fund.

Institutional Investor means as defined under Luxembourg law and by applicable practice of the Luxembourg regulatory authority from time to time, and include:

- banks and other professionals of the financial sector investing
  - in their own name and on their behalf
  - in their own name and on behalf of Institutional Investors
  - in their own name and on behalf of another party which is not an Institutional Investor, provided such party
    - entered into a discretionary management agreement, and
    - does not have a right or claim over the relevant Fund i.e., the sole rights must rest with the bank or the other professional of the financial sector
- re-/insurance companies
  - if investing as part of fund-linked insurance products and the beneficial owners are not Institutional Investors, only if the beneficial owners have no direct access to the relevant Fund's assets, and the insurance companies being the sole persons with a title to these assets
- collective investment schemes
- social security institutions
- pension funds
- industrial and financial groups structures the Institutional Investors stated above set up for the management of their assets
- holding companies or their equivalent
  - provided all shareholders are Institutional Investors, or
  - can prove real substance and have their own structure and activity (i.e., they are holding interests in entities of financial or industrial groups which have a real economic activity)
- family holding companies or their equivalent which are companies through which a family, or a branch of it, is holding important financial interests by means of participating in entities having an economic activity, irrespective that their shareholders are not Institutional Investors themselves
- regional and local authorities such as regions, provinces, districts, villages or municipalities investing their own funds.

The Umbrella Fund is organized as a multi-compartment fund. The Umbrella Fund's Management Regulations allow the AIFM to open different 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 a separate Offering Memorandum.

The AIFM is empowered to establish new funds and dissolve existing ones at any time by informing the Unitholders. Upon the creation of new funds, the Offering Memorandum shall be amended accordingly and/or an addendum to this Offering Memorandum or a separate Offering Memorandum shall be issued.

The assets of the Umbrella Fund are managed as separate assets by WELLINGTON LUXEMBOURG S.à r.l., 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 October and ends on the last day of September.

Units issued with respect to any 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 AIFM, 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.

The Management Regulations were stipulated by WELLINGTON LUXEMBOURG II S.A. on 11 December 2006. As from 28 November 2016, WELLINGTON LUXEMBOURG S.à r.l. acts as AIFM of the Umbrella Fund. They may be amended by the AIFM acting as Management Company in observance of the legal provisions. Any amendment was announced in the Official Gazette of the Grand-Duchy of Luxembourg, the "*Mémorial, Recueil des Sociétés et Associations*" (hereinafter called *Mémorial* which has been replaced by (*Recueil Electronique des Sociétés et Associations* RESA)), i.e. the central electronic platform of the Grand-Duchy of Luxembourg. The initial Management Regulations were lodged with the Luxembourg register of commerce and companies in January 2007. The Management Regulations have been amended for the last time on 8 April 2024 and a notice advising of the latest deposit thereof with the Register has been published on RESA.

### **Sustainability Risk Disclosures**

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**"), the AIFM is required to disclose the manner in which environmental, social and governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment ("**Sustainability Risks**"), (further described in the **Risk Factors** section of

this Offering Memorandum) are integrated into investment decisions and also the results of the assessment of the likely impacts of Sustainability Risks on the returns of each of the Funds.

The extent to which Sustainability Risks represent potential or actual material risks to a Fund is considered by the Investment Manager in its investment decision making and risk monitoring. Along with any other material risk, the Investment Manager will consider Sustainability Risks in order to seek to maximize long-term risk-adjusted returns for the Fund. Further information on how Sustainability Risks are integrated into the investment decision making for a specific Fund is set out in the Investment Objective and Policy for that Fund.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there could be a negative impact on, or entire loss of, its value.

In the event that a Sustainability Risk arises this may cause investors, (including the Investment Manager) to determine that a particular investment is no longer suitable and to divest of it (or not make an investment in it), further exacerbating the downward pressure on the value of the investment. The Investment Manager may also decide to engage with the relevant issuer in relation to the issuer's management of a Sustainability Risk. For example, if an Investment Manager considers that an issuer's management of transition risks arising from climate change (as described more fully in the Sustainability Risks paragraph within the **Risk Factors** section of this Offering Memorandum) is important for the long term value of the issuer, then provided that such engagement is consistent with the investment objectives and policies of the relevant Fund, the Investment Manager may decide to engage with an issuer to encourage the issuer to adopt a net zero 2050 policy within their business strategy in order to better manage their climate change transition risk.

Assessment of the likely impacts of Sustainability Risks on the returns of a Fund is conducted at the portfolio level. Further details on the impacts of Sustainability Risks on the returns of Funds can be found in the **Sustainability Risks** paragraph within the **Risk Factors** section and also in the Investment Objective and Policy for the relevant Fund.

For more information on how Sustainability Risks are assessed in relation to the Funds please see Management Company's description of its Sustainability Risk Policy at [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr).  
**Assessment of Principal Adverse Impacts of Investment Decisions on Sustainability Factors**

Wellington Luxembourg S.à r.l., acting as Management Company of the Fund, does not consider the adverse impacts of its investment decisions on Sustainability Factors as, after a thorough evaluation, it has been determined that the costs and resources required to gather the necessary data and produce the corresponding report outweigh the benefits it provides to investors.

### **Sustainable Investments**

Certain Funds which either have sustainable investment as an investment objective or promote, amongst other characteristics, environmental or social characteristics, might have an investment policy of investing some or all of their assets into Sustainable Investments.

The Umbrella Fund defines Sustainable Investment as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Individual Funds may evaluate the classification of investment holdings as Sustainable Investments using differing methodologies and subjective analyses with respect to the level of contribution to environmental or social objectives, the assessment of potential harm to any environmental or social objectives caused or the good governance practices of an individual investment. As a result, the assessment of any given holding as a “Sustainable Investment” may vary from one Fund to the next and individual Funds may reach different conclusions about the total number of Sustainable Investments in the portfolio. For more information on an individual Fund’s methodologies for assessing Sustainable Investments, please see [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr).

The Investment Manager assesses whether or not such investment does significant harm by reference to available information concerning an investee company's or issuer's compliance with the United Nations Global Compact, as well as a combination of third party and/or internal Wellington Management analysis where appropriate. For more information on Wellington Management’s framework for evaluating governance practices of the companies in which it invests, including additional information about available research, please see the following [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr).

### **ESG Ratings Framework**

Funds may use Wellington Management’s internal environmental, social and governance ratings (the “**ESG Ratings**”), and may choose to rely on an individual environmental or social rating (respectively “**E Rating**” or “**S Rating**”). ESG Ratings aim to combine environmental indicators (such as energy efficiency, carbon emissions and pollutants, sustainable packaging and hazardous waste), social indicators (such as corruption and bribery, labour relations, product safety and supply chain management) and governance indicators (such as board diversity, executive compensation, ownership structure and shareholders’ rights) into a single data point which can be used in the assessment of the environmental, social and governance activities and attributes of corporate issuers.

Ratings may be created using both third party and internal research, including direct company engagement. ESG Ratings may also be created using systematic processes which can provide a relative assessment of an issuer’s ESG profile versus others in its peer universe as well as fundamental analysis by Wellington Management’s dedicated ESG team. ESG Ratings are assigned on a 1 through 5 scale. A rating of 1 is the most positive rating, indicating that the company is a leader among its peers in managing material E, S or G risks or incorporating ESG factors into its practices. A rating of 5 is the most negative, indicating that the company may be lagging its peers in managing certain material E, S or G risks or incorporating ESG factors into its practices. Issuers are assigned both individual E, S and G ratings as well as an overall ESG combined rating.

For any specific company or sector, different ESG factors may have greater or lesser levels of materiality. The ability to directly engage with management teams and members of an issuer's board of directors may provide more timely perspective or may provide differentiated insight on material ESG issues and may result in different ESG Ratings. For all funds, ESG Ratings and research which have been produced is available for consideration in the investment process.

Certain Funds may also use different components of the internal ESG Ratings Framework in different ways. In some cases, Funds may choose to rely on one or more individual environmental, social, or governance rating (respectively "**E Rating**", "**S Rating**", or "**G Rating**") or may leverage external, third-party ESG ratings. Further information on the role ESG Ratings play in a Fund's investment process can be found in the Offering Memorandum.

Not all issuers held with the Funds will have an ESG rating. Currently, issuers may not be rated by Wellington Management where either (1) one or more of the third-party inputs into our ratings process do not cover the issuer or (2) there is an identification issue related to the mapping of securities to the correct parent company issuer. ESG Ratings are proprietary to Wellington Management and, other investment firms or data providers may take different views. The rating process is reliant on data and therefore is exposed to the risks associated with Technology and Data as described in the **Risk Factors** section of the Offering Memorandum.

## **Exclusions**

Luxembourg ratified the Oslo Treaty on Cluster Bombs through the Law of 4 June 2009 Approving the Convention on Cluster Munitions, Open for Signature in Oslo on 3 December 2008. Such Law expressly prohibits the development, production, use and financing of cluster munitions and explosive submunitions. Accordingly, the AIFM prohibits all Funds from investing in such companies.

Certain of the Funds have adopted the Wellington Management Funds – Exclusion Policy, which sets out issuers or groups of issues which may be excluded from a Fund, either in full or with exceptions (the "**Exclusion Policy**"). Where a Fund is applying the Exclusion Policy, this will be disclosed in the relevant Fund's Annex.

The Exclusion Policy prohibits investment in the securities of issuers that have been identified, using a combination of third party and/or internal Wellington Management analysis, as being involved in the following areas:

- Production of controversial weapons, including cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments;
- Production of nuclear weapons;
- Production, distribution, retail or supply of tobacco related products;
- Thermal coal extraction or thermal coal-based power generation; and
- Production and generation of oil sands (also known as tar sands).

The Exclusion Policy including full details of the thresholds for involvement is available at [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr) and free of charge on request at the registered office of the AIFM or the relevant Investment Manager.

The Exclusion Policy may be amended from time to time at the Management Company's discretion and such amendments may be implemented without notification to Unitholders.

### **Enhanced Exclusions**

In addition to applying the exclusions required by the Exclusion Policy, certain Funds apply a further enhanced set of exclusions to screen out certain securities prior to investment. Where a Fund is applying an enhanced set of these additional exclusions this will be disclosed in the Investment Objective and Policy of the relevant Fund. These enhanced exclusions will vary from Fund to Fund and will be identified using a combination of third party and/or internal Wellington Management analysis.

For any Fund that has applied enhanced exclusions the list of screens applied for that Fund and the third-party provider(s) used to identify relevant issuers for exclusion can be found at <https://www.wellington.com/KIIDS>.

The above list is available free of charge on request from the registered office of the AIFM or the relevant Investment Manager. Exclusion lists may be amended from time to time at the Management Company's discretion and such amendments may be implemented without notification to Unitholders.

### **General Information about Exclusions**

Where exclusions are applied they will apply to any investments in the equity or debt securities of an issuer. A Fund may gain indirect exposure (through, including but not limited to, derivatives, indices and shares or units of collective investment schemes) to issuers that are excluded. Further Funds are also permitted to short excluded issuers (meaning the Fund would benefit if the excluded issuer's price goes down). A Fund may also gain exposure to an excluded issuer through use-of-proceeds bonds (e.g. 'green' bonds, 'social' bonds, or 'sustainability' bonds) where proceeds from these bonds are intended to be ringfenced to fund projects with specific environmental or social benefits, and which are otherwise in line with the relevant Fund's Investment Objective and Policy.

Wellington Management may be reliant on both internal and external research and data as well as fundamental analysis, where applicable. As a result, such reliance gives rise to the risks that are described in the **Technology and Data Risk** paragraph of the **Risk Factors** section. Decisions around the application of an Exclusion Policy can also involve a degree of judgement, whether at external data vendors or internally within Wellington Management's framework governing the exclusions list, which can impact the list of issuers excluded. In addition, changes or updates to the available information on any given issuer may not result in an immediate change to the impacted issuer's status with respect to excluded categories. Where existing research changes or new information comes to light which may materially impact an individual issuer's status, Wellington Management will seek to review such status in light of the new or updated information in a reasonable timeframe and in accordance with the process established for review of the relevant exclusion category.

## INVESTMENT RESTRICTIONS

Each Fund must comply with rules and restrictions applicable to Luxembourg specialised investment funds. As such, a Fund may not in principle invest more than 30% of its assets or of its commitments to subscribe in securities of the same kind issued by the same issuer (this restriction does not apply to (i) investments in securities issued or guaranteed by a member state of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature, (ii) investments in target funds which are subject to risk diversification requirements at least similar to those provided for in relation to a Fund). For the application of this restriction, each sub-fund of a target fund with an umbrella structure is to be considered as a separate issuer, provided that sub-fund commitments to third parties are segregated. Further, short sales may not in principle have as a result that a Fund holds a short position in securities of the same kind issued by the same issuer which represent more than 30% of its assets. Finally, when using derivative instruments, a Fund must ensure risk diversification comparable to the above by means of an appropriate diversification of the underlying assets. For this purpose, the counterparty risk in relation to OTC derivatives must be limited according to the quality and the qualification of the counterparty.

## **RISK FACTORS**

### **General**

An investment in a Fund is a speculative investment and is not intended as a complete investment program. Investment in a Fund is suitable only for persons who can bear the economic risk of the loss of their investment, and who meet the conditions set forth in this Offering Memorandum and the Account Opening Agreement. There can be no assurances that a Fund will achieve its investment objective. The NAV of the Units will fluctuate, and may be worth more or less than the acquisition price when redeemed or sold. Investment in a Fund involves significant risks and while the following summary of certain of these risks should be carefully evaluated before making an investment in a Fund, the following does not intend to describe all possible risks of such an investment.

For the purposes of this section, Force Majeure Events shall mean natural or environmental disasters or other events outside of the reasonable control of the Umbrella Fund, the AIFM 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.

### **Cash and Cash Equivalents**

Each Fund may also hold cash and cash equivalents for investment purposes or as ancillary liquid assets. Cash equivalents include bank deposits and fixed or floating rate instruments, including but not limited to commercial paper, floating rate notes, certificates of deposit, freely transferable promissory notes, debentures, asset backed securities and government or corporate bonds. All such investments shall generally be of investment grade or, if unrated, be deemed to be of investment grade by the Investment Manager and may be denominated in any currency. Each Fund holds cash balances with the Depositary, however on a daily basis any US Dollar balances greater than 10% of the NAV of a Fund are generally placed overnight in reverse-repurchase transactions to ensure that counterparty exposure is managed within the limits and maximum exposures set out in the relevant annexes below for each Fund.

### **Cash Flows**

Each Fund accepts subscriptions on a regular basis and fulfils redemption requests in accordance with the Offering Memorandum. 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.

### **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.

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.

### **Concentration in Commodities**

Because a Fund will concentrate its assets in the commodities market, it may be subject to more dramatic changes in value than would be the case if a Fund were required to maintain wide diversification among sectors, regions, and countries. Commodities, especially investments in individual commodities, may experience high volatility.

### **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, the 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 depositaries 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.

### **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 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, a 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 Risks**

Because a Fund may invest in securities and hold active currency positions that are denominated in currencies other than its Base Currency, a 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.

Each of the Hedged Unit Classes will be hedged to the currency in which it is denominated, which will subject such Units to liabilities related to the respective class' effort to hedge against adverse fluctuation in currency exchange rates against the relevant denomination currency. Under certain market conditions, a Fund may be unable to hedge effectively against certain currencies or against long-term fluctuations in currency exchange rates. Moreover, there will be performance dispersion amongst the returns of the hedged and unhedged Unit Classes, which at certain times may be significant. The use of class hedging strategies may substantially limit Unitholders in the relevant Hedged Unit Class from benefiting if the class currency falls against the Base Currency of a Fund.

Hedged Unit Classes seek to offer a return reflecting the performance outcome of the base currency Unit Class; however, Unitholders should be aware of situations where this may not be achieved due to the following factors:

- A difference in interest rates between the currency pair for Unit Class hedging: this deviation may be positive or negative, depending on prevailing rates;
- Performance dilution from unrealised profit and loss: the fact that all unrealised profit/loss on the currency forward remains uninvested until the hedge is rolled over can have the effect on the Hedged Unit Class of being temporarily over or underinvested in the base investment portfolio;
- Transaction costs which will negatively impact the Unit Class performance;
- Intra-day volatility of the value of the Base Currency assets in relation to the existing hedge, as market value hedge adjustments can only be placed after the fund's valuation point;
- The hedge may not always be placed at 100% to avoid transaction costs for minor adjustments.

## **Custody Risk**

The Depositary may appoint sub-custodians in certain jurisdictions to hold the assets of a Fund. The Depositary may not be responsible for cash or assets which are held by sub-custodians in certain jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. A Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a Fund by a custodian will not be available to the Fund. Custody services in certain jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain jurisdictions, the ability of a Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

## **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 (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Umbrella Fund, the AIFM, the Investment Manager, the Registrar and Transfer Agent, the UCI Administrator or the 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 NAV of a Fund; impediments to trading for a Fund’s portfolio; 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 a Fund invests, counterparties with which the Umbrella Fund engages 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.

## **Debt Securities**

A Fund may invest in fixed income securities and other debt securities. Certain of these securities may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. A Fund 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. A Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. A Fund 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.

## **Depositary Risks in Emerging Market Countries**

Investments in emerging market countries are subject to an increased risk in relation to the ownership and custody of transferable securities. Generally, investments in emerging market countries involve greater risks due to the lack of an appropriate system for the transfer, price calculation and accounting of the transferable securities and to their custody and record keeping.

## **Derivative Instruments Generally**

A Fund may invest in derivative instruments. Generally, derivatives can be characterized as financial instruments whose performance is derived, at least in part, from the performance of an underlying asset or

assets. Types of derivatives include, but are not limited to, options, futures contracts, options on futures, forward contracts, swaps and credit-linked notes. Derivative instruments may be used for a variety of reasons, including an effort to enhance return, gain exposure to certain asset types, hedge certain market risks, or provide a substitute for purchasing or selling particular securities. Derivatives may provide a cheaper, quicker or more specifically focused way for a Fund to invest than “traditional” securities or other investments would.

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 a 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 realize 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. Where exchange-traded derivatives are entered into, a central clearing counterparty (CCP) stands between over-the-counter (“OTC”) derivatives counterparties, helping to mitigate losses suffered from each other’s default. Counterparties are required to exchange margin in order to reduce overall credit risk. 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.

By contrast, most over-the-counter derivatives are not currently cleared through CCPs and a Fund will be exposed to the credit risk of its counterparties and their ability to meet the terms of such contracts. In the event of the bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which a Fund seeks to enforce its rights, the inability to realise any gains during such period and fees and expenses incurred in enforcing its rights.

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.

There has been an international effort to increase the stability of the over-the-counter derivatives market in response to the recent 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 a Fund. 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 a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. The overall impact of these regulations on a Fund is highly uncertain and it is unclear how the over-the-counter derivatives markets will adapt to this new regulatory regime.

One of the changes required by Dodd-Frank and EMIR is that certain types of over-the-counter derivatives are subject to mandatory clearing. As stated above, where clearing takes place, a central counterparty (CCP) stands between over-the-counter derivatives counterparties, helping to insulate 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.

A Fund's investments in derivatives may subject the Fund to greater volatility than investments in traditional securities, commodities 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.

### **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 portfolio depending on the attributes of the swap. For example, if the swap agreement provides a portfolio with a floating rate of return in exchange for a fixed rate of return, the duration of the portfolio 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 Market Countries**

Investment in transferable securities of emerging market countries are subject to various risks with regard to the rapid economic development which some of these countries are experiencing. In this respect no assurance can be given that this process of development will continue during the years to come. The degree of market regulation in these markets is generally lower than in more developed markets. As a rule, transferable securities of emerging market countries are substantially less liquid than transferable securities of the key markets. This may have negative effects on determining the time and price for the purchase or sale of transferable securities. In general, companies of emerging market countries are not subject to accounting, auditing, and financial reporting standards or requirements comparable to those existing in the key markets. Investments in emerging market countries may be influenced by political, economic or foreign policy changes. The ability of some issuers to repay the principal debt and interests may be uncertain, and no assurance can be given as to the possible insolvency of a particular issuer.

## **Environmental, Social and Governance and Sustainable Investment**

The application of environmental, social and governance (“ESG”) or sustainability considerations in a Fund’s investment policy may affect the type and number of securities in which the Fund may invest, and as a result, at times, those Funds may produce different returns or more modest gains than funds that are not subject to such considerations. For example, a Fund may forgo opportunities to gain exposure to certain companies, industries, sectors or countries and it may choose to sell a security when it might otherwise be disadvantageous to do so. ESG considerations may cause a Fund’s industry allocation to deviate from that of funds without these considerations and of benchmarks which are relevant for the Funds. Furthermore, ESG considerations are subjective and it is therefore possible that an investment may not perform in a way that an investor considers to be sustainable or responsible, even though it has been selected in accordance with the ESG criteria applied in the portfolio construction process for the relevant Fund.

## **Sustainability Risks**

Sustainability Risks can have a material impact on the Fund and its investments. The Investment Manager incorporates Sustainability Risk into its fundamental research and investment decision-making process. This may manifest itself in a number of ways, such as within the investment thesis or portfolio weighting for a particular security, or within the Investment Manager’s company or issuer engagement efforts. The Investment Manager has access to a wide variety of both external and proprietary ESG research to help evaluate a company’s or issuer’s risk and return potential and determines the extent to which individual Sustainability Risks are considered (if at all) as part of its fundamental analysis of an investment or the Fund’s overall investment strategy.

All Funds are exposed to Sustainability Risks to a varying degree. Where some Sustainability Risks are most frequently relevant to the investment process of a specific Fund, those are disclosed in the relevant Fund’s supplement.

As at the date of this Prospectus, each Fund is broadly diversified and the Investment Manager does not anticipate that any single Sustainability Risk will materially drive a negative financial impact on the value

of the Fund. Sustainability Risks may change over time and there is no guarantee that the Investment Manager's approach to Sustainability Risk will limit or prevent losses from arising.

## **1. Environmental**

### *Transition Risks from Climate Change*

Many economic sectors, regions and/or jurisdictions, including those in which a Fund may invest, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

Market mechanisms could also threaten the business models and cost structures of carbon-intensive industries and the financial firms that back them. For example, companies with higher risk of reduced earnings and business disruption from a low-carbon transition may be unable to meet their loan obligations, and the value the company/its collateral could decrease. These companies could also be denied insurance coverage on secured assets. On the investment side, as the market appreciates tightening regulation and accounts for higher carbon prices, repricing of carbon-intensive sectors occurs, reducing the value of these securities. A growing subset of investors willing to implement divestment could also reduce liquidity for certain high-carbon companies. As carbon pricing continues to be a mechanism through which various policymakers seek to mitigate climate change, companies may be impacted in different ways based on their sectors and region of operations. Further, businesses which are in compliance with current measures may suffer claims, penalties and other liabilities in respect of alleged prior failings. Any of the foregoing may result in a material loss in value of an investment linked to such businesses. As regulators increasingly focus on climate-related financial risks, climate change scenarios could become part of regular stress testing. If this happens banks with greater exposure to fossil fuel companies could end up shorter on capital under these scenarios, credit spreads could widen as a result. Litigation risks are also growing for carbon extractors, high-emitting companies, and those resisting the low-carbon transition. The same is true for companies that may have misled consumers and investors.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on ESG factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life. Attempts by sectors, regions, businesses and technologies to adapt so as to reduce their impact on ESG factors may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced. In addition, significant technological innovation is required to achieve a low-carbon economy, and this necessitates significant capital investments by companies that must transition their business models. For example, energy and utilities companies may need to embrace the energy transition to lower their cost of capital, maintain their license to operate, and/or align their production with shifting demand for lower-carbon sources of energy. The evolution of emerging and low-carbon technologies may also be disruptive to certain incumbent industries.

### *Physical Risks from Climate Change*

Certain Funds might also have exposure to potential physical risks resulting from climate change for example the tail risk of significant damage due to increasing erratic and potentially catastrophic weather phenomena such as droughts, wildfires, flooding and heavy precipitations, heat/cold waves, landslides or

storms. As the frequency of extreme weather events increases, a Fund's assets exposure to these events increases too.

Alongside to these acute physical risks, Funds might also be exposed to the chronic physical risks stemming from climate change, including, amongst others coastal flooding, coastal erosion, soil degradation and erosion, water stress, changing temperatures or changing wind or precipitation patterns.

Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region.

*Other Environmental risks include:*

- **Natural resources:** the relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and/or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which the Fund may invest. Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which the Fund may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism. Land use and land use management practices have a major impact on natural resources.
- **Pollution and waste:** pollution adversely affects the environment and may for example, result in negative impact on human health, damage to ecosystems and biodiversity and reduced crop harvests.  
Measures introduced by governments or regulators to reduce pollution and control and reduce waste may adversely impact the operations, revenue and expenses of industries in which the Fund may invest.

## *2. Social*

Social risks include:

- **Internal social factors:** human capital considerations such as human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour which may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation. The profitability of a business reliant on adverse treatment of human capital may appear materially higher than if appropriate practices were followed.
- **External social factors:** for example, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation.

### 3. Governance

Governance risks include:

- Lack of diversity at board or governing body level: the absence of a diverse and relevant skillset within a board or governing body may result in less well informed decisions being made without appropriate debate and an increased risk of “group think”. Further, the absence of an independent chairperson of the board, particularly where such role is combined with the role of chief executive officer, may lead to a concentration of powers and hamper the board’s ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration and otherwise set the board’s agenda.
- Inadequate external or internal audit: ineffective or otherwise inadequate internal and external audit functions may increase the likelihood that fraud and other issues within a company are not detected and/or that material information used as part of a company’s valuation and/or the Investment Manager’s investment decision making is inaccurate.
- Bribery and corruption: the effectiveness of a company’s controls to detect and prevent bribery and corruption both within the company and its governing body and also its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives.
- The absence of appropriate and effective safeguards for employment related risks: discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistleblowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to the company, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.

For more information on Wellington Management’s framework for evaluating governance practices of the companies it invests, including additional information about available research, in please see the following [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr).

#### **Failed Settlement by an Investor**

The Investment Manager will on behalf of all investors and Unitholders place orders for the purchase of securities for the account of a Fund before receipt of payment of the relevant purchase proceeds, as a means to reduce the impact of subscriptions on the performance of the Fund. 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, a Fund will be exposed to interest costs and/or possible market losses. Although the Umbrella Fund on behalf of a 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.

#### **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. A Fund 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. A Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. A Fund 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, commodities 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, commodities 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. As discussed below under "Leverage", 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 the Fund engages in futures and options contract trading and the futures commission merchants with whom a 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 – Bond Connect tax risks (for the Wellington Global Total Return Fund)**

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 *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 NAV of the relevant 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.

### **Illiquid Securities or Other Investments**

Illiquid securities, commodities, or other investments (including inter alia private placement securities and other restricted securities) are investments which may not be sold or disposed of in the ordinary course of business at approximately the value at which a Fund has valued them. Illiquid investments include investments with legal or contractual restrictions on resale and investments that do not have readily available market quotations, and may involve the risk that a Fund may be unable to sell such an investment at the desired time. The price at which a Fund values these investments could be less than that originally paid by the Fund. In addition, a Fund may invest in investments that are sold in private placement transactions between their issuers and their purchasers and that are neither listed on an exchange nor traded over-the-counter. These factors may have an adverse effect on a Fund's ability to dispose of particular investments and may limit a Fund's ability to obtain accurate market quotations for purposes of valuing investments and calculating a Fund's NAV and to sell investments at fair value. If any privately placed securities held by the Umbrella Fund are required to be registered under the securities laws of one or more jurisdictions before being resold, a Fund may be required to bear the expenses of registration.

### **Interest Rate Risk**

Because a Fund may invest in debt securities, they are 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.

### **Lack of Liquidity of Fund Assets**

A Fund may, at any given time, invest a portion of its assets in securities or other financial instruments or obligations which 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. In the discretion of the Management

Company, payment of redemption proceeds to a Unitholder may be made partly or completely in securities, including thinly-traded and illiquid securities.

### **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 Fund. 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 Fund and the Fund's ability to pursue its trading strategies.

### **Leverage**

The use of leverage could result in a Fund having substantially more exposure than it has assets under management. Leverage increases returns if a Fund earns a greater return on leveraged investments than the cost of such leverage. However, the use of leverage exposes a Fund to additional risk including (i) greater losses from investments than would otherwise have been the case had the Fund not used leverage to make the investments, (ii) requirements that could force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of leverage related to such investment. In the event of a sudden, precipitous drop in value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

To the extent that options, futures, options on futures, swaps, swaptions and other "synthetic" or derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments and obtain greater-than-paid value exposure. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

### **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 Offering Memorandum) 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, invest a portion of its assets in securities or other financial instruments or obligations which 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. In the discretion of the AIFM, payment of redemption proceeds to a Unitholder may be made partly or completely in securities, including thinly-traded and illiquid securities.

### **LIBOR Transition and Associated Risk**

A Fund may invest in debt securities, derivatives or other financial instruments that utilize the London Interbank Offered Rate, or "LIBOR," as a "benchmark" or "reference rate" for various interest rate calculations. The United Kingdom Financial Conduct Authority, which regulates LIBOR, has announced that certain LIBOR rates will cease to be published at the end of 2021. Although widely used LIBOR rates are intended to be published until June 2023, banks are strongly encouraged to cease entering into agreements with counterparties referencing LIBOR by the end of 2021. Although financial regulators and industry working groups have suggested alternative reference rates, such as the European Interbank Offer Rate, the Sterling Overnight Interbank Average Rate and the Secured Overnight Financing Rate, global consensus on alternative rates is lacking and the process for amending existing contracts or instruments to transition away from LIBOR is underway but remains incomplete. The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may adversely affect a Fund's performance and/or NAV. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition away from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, potentially adversely affecting a Fund's performance. Furthermore, the risks associated with the expected discontinuation of LIBOR and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. Because the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021.

### **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.

### **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, shares 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. Governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rates, disrupting strategies focusing on these sectors.

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 Offering Memorandum) 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.

#### **Model and Data Risk (for the Wellington Global Total Return Fund)**

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, and 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 a Fund to incur capital loss and/or to reinvest in lower yielding obligations.

## **Operational Risk**

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

## **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 (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 Offering Memorandum) 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 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 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 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 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.

#### **Risks linked with dealing in securities in China via Bond Connect (for the Wellington Global Total Return Fund)**

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 case 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 bonds for trading via Bond Connect for various reasons, and in such event the bond 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.

### **Securities Lending**

Where the Funds enter 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 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 securities lending arrangements is the insolvency of the counterparty. In this event the Funds could experience delays in recovering their securities and such event could possibly result in capital losses.

### **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,” (i.e., 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 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.

## **Tax and Other Regulatory Considerations**

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

## **Technology and Data Risk**

The AIFM and its service providers rely heavily on the use of technology, including proprietary and third-party software and data, both in portfolio management and more broadly to run most aspects of the management of a Fund. For example, some investment strategies employed by the Investment Manager rely on computer algorithms, virtually all trade instructions are entered through and executed using electronic systems, and electronic systems and data are used to monitor compliance with investment guidelines.

Processes reasonably designed for developing, selecting and overseeing these technology systems and databases, in particular controls designed to assure that technology systems are sound and the systems suppliers that are relied upon are reputable and competent, and controls and escalation procedures around the use of data which include diligence of third party service providers, monitoring data sources for inaccurate or missing data 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 the 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 of Securities and Other Investments**

Valuation of a Fund's investments may involve uncertainties and judgmental determinations. If such valuations should prove to be incorrect, Unitholders could be adversely affected. Independent pricing information may not at times be available or may be difficult to obtain with respect to certain of a Fund's securities, commodities or other investments. Accordingly, while the AIFM will use its best efforts to value all investments in a Fund fairly, certain investments may be difficult to value and may be subject to varying interpretations of value and, in such cases, the AIFM may determine the value of a Fund's investments by,

among other things, utilising marked to market prices provided by dealers and pricing services and, if necessary, through relative value pricing. The AIFM is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the AIFM by third parties, including pricing services. Post purchase, some investments may become illiquid or fair valued, or remain liquid and have values that vary significantly between different trading venues or exchanges due to market events and/or restrictions. In these instances, a security may be valued at close to zero, and then subsequently become more liquid or start trading at a higher price as market events settle down and/ or restrictions ease. Depending on timing, redeeming unitholders may not realize any value on those securities and subscribing unitholders might dilute the initial exposure of the fund towards those securities.

### **United Kingdom left 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 European Union (EU). The UK parliament issued an Article 50 notice to formally start the process to leave the EU, which provided 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 UK's exit from the EU which occurred on 31 January 2020. The Act set a deadline for completion of the transition period on 31 December 2020 during which the UK's trading relationship remained the same and it continued to follow the EU's rules. There is remaining uncertainty around the exact terms of the EU – the UK deal which could continue to cause a period of instability and market volatility, and may adversely impact business in the UK and/or the EU, including with respect to opportunity, pricing, regulation and the tax treatment of any UK investments. It is not possible to ascertain the precise impact these events may continue to 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 which may also negatively impact the value of investments held by the Funds.

Luxembourg will remain a member of the EU and the AIFM will remain an EU regulated alternative investment fund manager that can avail of passporting rights for the Funds under AIFMD to market and sell units in the Funds in the EU, subject to complying with the terms of AIFMD.

## THE OFFERING

### The NAV

The NAV of the Units of each Class of the Funds is based on the actual market price of the assets of the Funds, including accrued income less liabilities and provisions for accrued expenses (the “NAV”). This is calculated on each specific Valuation Day by State Street Bank International GmbH, acting through its Luxembourg Branch, as UCI Administrator. Investors may purchase and redeem Units of each Class in the Funds on any Dealing Day, as set forth below in more detail.

The NAV per Unit in each Class of the Funds is calculated in US Dollars by the UCI Administrator by dividing the NAV of each Class of Units of the Funds by the number of its Units of each Class in circulation. The NAV per Unit in each of the non-US Dollar denominated Classes is expressed in the applicable denomination currency by converting the US Dollar NAV into the applicable denomination currency at the prevailing exchange rate on the respective Valuation Day.

With respect to Hedged Unit Classes, hedging transactions will be clearly attributable to a specific Class. All material costs and gains/losses of such hedging transactions shall be borne by the relevant Hedged Unit Class.

The total net assets of the Funds are expressed in US Dollars and correspond to the difference between the assets of the Funds and their total liabilities. For the purpose of this calculation, any portion of the net assets of the Funds that is denominated in another currency is converted into US Dollars at the prevailing exchange rate on the respective Valuation Day.

The NAV, as well as the current issue, conversion and redemption prices, are available at the AIFM and the Registrar and Transfer Agent on the Business Day following the respective Valuation Day at 5:00 p.m. Luxembourg time.

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

(a) the value of any cash on 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 AIFM 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 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 AIFM on the basis of foreseeable purchase and sale prices;

(d) Units or shares in open-ended underlying funds will be valued at the official redemption price quoted by the relevant underlying fund, its management company or a third party commissioned by it or at an unofficial redemption price (i.e. an estimated NAV of the shares or units of the underlying fund), if this is more up-to-date or in the view of the AIFM more in conformity with the market than the official redemption price. The unofficial redemption price shall only be used where it has been determined in good faith in accordance with recognized valuation principles capable of being verified by auditors. The AIFM shall be entitled to rely on the accuracy of the calculations provided by the relevant underlying fund, its management company or third party commissioned by it without making further enquiries, as long as it is acting in good faith. The valuation on the basis of an unofficial redemption price of the shares or units of underlying funds is final, even if it subsequently turns out that it diverges from the valuation that would have been calculated by reference to the official redemption price;

(e) Money Market Instruments with a remaining maturity of less than ninety days at the time of purchase or securities whose applicable interest rate or reference interest rate is adjusted at least any ninety 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 Valuation 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 ninety days at the time of purchase shall be valued at their market price. When their remaining maturity falls under ninety days, the AIFM may decide to value them as stipulated above;

(f) liquid assets may be valued at nominal value plus any accrued interest or on an amortized 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 AIFM, 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 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 AIFM 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 AIFM in accordance with generally accepted valuation principles and procedures.

The Funds may suffer dilution of the NAV per Unit 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 swing pricing mechanism may be adopted to protect Unitholders' interests. If on any Valuation Day, the aggregate net transactions in

Units for the Funds exceeds a pre-determined threshold, as determined by the AIFM from time to time, the NAV may be adjusted upwards or downwards to reflect net inflows and net outflows respectively and is a means of apportioning the expected trading costs associated with such transactions to the investors that create these costs in order to protect existing or remaining Unitholders. Where the NAV is adjusted upwards subscribing investors will pay and redeeming Unitholders will receive a higher NAV per Unit than they would have done had the NAV not been adjusted. Where the NAV is adjusted downwards subscribing investors will pay and redeeming Unitholders will receive a lower NAV per Unit than they would have done had the NAV not been adjusted.

The extent of the swing factor price adjustment will be set by the AIFM to reflect bid-ask spreads, transaction taxes, dealing and other costs and may include an adjustment reflecting some portion, or the full value, of illiquid securities, which cannot be sold at the time of the redemption due to unforeseen events such as sanctions, capital controls or absence of trading activity. The adjustment for the illiquid securities will be accounted for as a valuation reserve until such time as the securities become liquid, are sold, or are written off. As a result, redeeming unitholders may not realize any value on these illiquid securities if they ultimately become liquid and have value. Partial swing pricing may be applied by the AIFM to any Fund of the Umbrella Fund and is not aimed at addressing the specific circumstances of each individual investor transaction. The total swing factor price adjustment shall not exceed 5% of the original NAV per Unit under normal market circumstances. Under exceptional market conditions (such as high market volatility), the adjustment applicable to a specific Fund may, on a temporary basis and at the discretion of the AIFM (taking into account the best interest of the investors), exceed 5% of the original NAV per Unit, upon investor notification via any of the communication channels set out in the 'INFORMATION TO UNITHOLDERS' section below. 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 AIFM 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 AIFM reasonably believes that imposing a partial swing price is in the best interests of existing Unitholders, the AIFM may, at its discretion, impose one.

Whenever a foreign exchange rate is needed in order to determine the NAV of the Funds, the last available mean rate at 11:00 a.m. New York time will be used.

The AIFM is authorised to apply other adequate valuation principles for the total assets of the Funds if the aforementioned valuation criteria appear impossible or inappropriate, or due to extraordinary circumstances or events.

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

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

### **Issue of Units**

The issue price is based on the NAV per Unit of each class.

The issue price for initial and any subsequent investments of the Funds will be the NAV per Unit of the relevant Class calculated on the Dealing Day after receipt in good order of the transaction form or

conversion form, by the Registrar and Transfer Agent before the Dealing Deadline. Subscription requests received after the Dealing Deadline shall be treated as having been received by the following Dealing Deadline, unless otherwise determined by the AIFM, and the following Valuation Day shall be used.

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 AIFM and/or its service providers may require applicants to provide such identification documents as necessary to satisfy, in the AIFM'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. The AIFM reserves the right to compulsorily redeem Units held by any Unitholder who, in the AIFM's sole judgment, fails to meet conditions agreed to in the Umbrella Fund's Account Opening Agreement.

By submitting the Account Opening Agreement, the investor makes an offer to subscribe for Units which, once it is accepted by the AIFM, has the effect of a binding contract. The terms of holding Units are set forth in the Account Opening Agreement. The Account Opening Agreement is governed by Luxembourg law, and any disputes arising from this agreement will be brought before the courts of the Grand-Duchy of Luxembourg which have exclusive jurisdiction over such disputes. Upon the issue of Units, the investor becomes a Unitholder of the Umbrella Fund, a Luxembourg specialized investment fund subject to supervision by the CSSF. There are no legal instruments in Luxembourg required for the recognition and enforcement of judgments rendered by Luxembourg courts in Luxembourg.

**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 investors 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 by the Umbrella Fund will be executed with State Street Global Markets, an affiliate of the parent company 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 bank charges are to be borne by the Unitholder.

Investors should pay for Units by way of a bank wire transfer to the account designated by the Registrar and Transfer Agent of the subscription monies from a first class international bank. Payment for all Units is due no later than the Payment Deadline. If payment for a subscription is not received by the Payment Deadline, the relevant subscription may be treated as having been received on the next Dealing Day, and would be processed accordingly. These settlement terms may be modified by the AIFM.

The AIFM may accept investments 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 expenses in connection with the establishment of such report shall be borne by

the subscriber which has chosen this method of payment or the Funds in the discretion of the AIFM acting in the best interest of the remaining Unitholders.

The Umbrella Fund retains the right to offer additional Classes of Units of the Funds. 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. However, the AIFM shall be entitled to waive the minimum initial subscription, minimum holding, minimum subsequent subscription 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 in Luxembourg from time to time.

The Units are registered in the name of the relevant investor immediately upon payment of the full purchase price in the currency of the relevant Class. In each case such payment is due for the Dealing Day on which the order was accepted, or as shall be determined by the AIFM from time to time.

Purchases of securities, commodities or other investments may be made in respect of subscriptions prior to settlement, 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 Investor Guide. As provided in the Management Regulations, the AIFM may compulsorily redeem Units, without notice, to satisfy any such liabilities owed to the Umbrella Fund. The AIFM reserves the right to require other settlement procedures (such as a shortened settlement period) for large orders or in other circumstances that, in the AIFM's judgment, present settlement risk.

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 Registrar and Transfer 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 AIFM or the Distributor may, within the scope of their sales activities and at its 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 AIFM may at any time withdraw Units held by investors excluded from the acquisition or ownership of the Umbrella Fund's Units.

The AIFM, 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. The AIFM 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 such 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 AIFM may proceed with the split of the Units of any Class of the Funds.

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 AIFM 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 the Funds. For further details in relation to the issue of Units, please refer to the relevant annexes below for each Fund of the Umbrella Fund.

### **Conversion of Units**

The Unitholder of a Fund may convert some or all of his Units into the Units of another Class of the same Fund, or into the same or another class of another fund, without any commission being charged on or up to the counter value of the Units presented for conversion; provided however, that the Unitholder meets the particular criteria for investment in the class into which he wishes to convert. However, any issue taxes incurred will be charged. Such conversions will be effected at the most recently calculated NAVs per Unit of the respective classes. Conversion requests received after the relevant Dealing Deadline for either Unit class and/or Fund involved shall be treated as having been received by the following Dealing Deadline for both Unit classes and/or Funds involved, unless otherwise determined by the AIFM.

### **Redemption of Units**

The AIFM shall redeem Units at the redemption price on any Dealing Day in Luxembourg.

Redemptions from the Funds shall be effected on the basis of the NAV per Unit of the relevant Class calculated on the Dealing Day after receipt in good order of the transaction form or conversion form, by the Registrar and Transfer Agent before the Funds’ Dealing Deadline. Redemption requests received after the Dealing Deadline shall be treated as having been received by the following Dealing Deadline unless otherwise determined by the AIFM.

There shall be no redemption fee charged by the AIFM.

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

Because 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 determination of the redemption price 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 paid in the currency of the relevant Class.

The AIFM may, at its discretion, limit redemption(s) on any Dealing Day to 10% of the net assets of the Fund. In this event, the limitation will apply pro rata so that any Unitholders wishing to redeem on that Dealing Day realise their pro rata portion of any redemption request. The remaining unredeemed portion shall be carried forward for redemption to the next available Dealing Day and will be dealt with on a pro

rata basis together with redemption requests received on that Dealing Day. If requests for redemption are carried forward to the next available Dealing Day, the Transfer Agent will inform impacted Unitholders.

In the event of extensive or unusually large redemption applications, the Depositary and the AIFM may decide to delay the settlement of the redemption applications until it has sold the corresponding assets of the relevant Fund without unnecessary delay. The AIFM 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 investments owned by the Fund. The nature and type of investments to be transferred in any such case shall be determined by the AIFM 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 expenses in connection with the establishment of any auditor's report for this purpose shall be borne by the redeeming Unitholder or the relevant Fund in the discretion of the AIFM, acting in the best interest of the remaining Unitholders. Any costs of such transfers shall be borne by the Unitholders 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.

If redemption requests are received on a particular Valuation Day the implementation of which would result, in the discretion of the Investment Manager, in the need to realise Fund assets at a discount to their carried value, the Investment Manager may direct the Registrar and Transfer Agent to reduce the relevant redemption proceeds in an amount the Investment Manager determines is necessary to reduce or mitigate any discount or reduction in NAV per Unit which is expected to be incurred by the remaining Unitholders. Alternatively, the AIFM may, upon recommendation of the Investment Manager, direct the Registrar and Transfer Agent to apply a partial swing pricing mechanism as set out in section f, payable to the Fund.

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 holdings amount specified for the Funds, the Investment Manager in its discretion may direct the Depositary to treat the redemption as a request to redeem the Unitholder's entire holdings.

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

### **Data Protection**

In the course of business, the AIFM 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 AIFM 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 AIFM 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 AIFM 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 AIFM, 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 AIFM 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 AIFM, except when they act also as distinct data controllers in order to comply with their own legal and regulatory obligations.

The AIFM 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 AIFM (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 AIFM 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 AIFM 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 AIFM 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 AIFM; 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 AIFM 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 may be updated by the European Commission time to time. If a third country does not provide an adequate level of data protection, then AIFM 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 AIFM, the AIFM 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 AIFM 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 AIFM.

As part of the AIFM's business and ongoing monitoring, AIFM 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 AIFM 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 AIFM being unable to permit, process, or release the investor's investment in the Funds and this may result in the AIFM 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 AIFM is handling their data.

Any questions about the operation of the AIFM's data protection policy should be referred for the attention of the conducting officers at the AIFM's registered address.

### **Anti-Money Laundering Prevention**

The AIFM, the Registrar and Transfer Agent and the Distributor 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 amended, the CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended by the CSSF Regulation 20-05 of 14 August 2020 (the "**CSSF Regulation**"), the Grand-Ducal Regulation dated 1 February 2020, which provides details on certain provisions of the of the Luxembourg law dated 12 November 2004, as amended, as well as with the regulatory authorities' circulars and regulations in such connection and will furthermore adopt procedures designed to ensure, to the extent applicable, that they shall comply with the foregoing undertaking. Dealers and sub-distributors and their delegates shall abide by and enforce all the terms of this Offering Memorandum including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Units. Dealers and sub-distributors and relevant delegates shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients. Pursuant to applicable laws, rules and regulations with respect to money laundering, the AIFM applies precautionary measures and verifications regarding its assets and transactions following a risk-based approach.

Applicants for Units will 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 AIFM, the Registrar and Transfer Agent and Distributor or their delegates will refuse to accept the application or will 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 authorized 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 AIFM, the Registrar and Transfer 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.

The AIFM applies enhanced due diligence measures on financial intermediaries in accordance with the requirements of the CSSF Regulation.

### **Suspension of the Valuation of the Total Net Assets and of the Issue, Conversion and Redemption of Units**

The AIFM may temporarily suspend the calculation of the total NAV and hence the issue, conversion and redemption of Units for the Funds when:

- stock or commodity exchanges or markets which are the basis for the valuation of a major part of the Fund's assets or foreign exchange markets for currencies in which the NAV or a considerable portion of their 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.
- Force majeure Events, cyber-attacks, political, economic, military or other emergencies beyond the control, liability and influence of the AIFM render the disposal of the Fund's assets impossible under normal conditions or such disposal would 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 the 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 Fund's assets cannot be effected at the normal conversion rates.
- following a possible decision to liquidate or dissolve the Umbrella Fund or one or several Classes or Funds.

The issue and redemption of Units shall be prohibited:

- during the period in which the Umbrella Fund does not have a Depositary;

- where the Depositary is put into liquidation or declared bankrupt or seeks an arrangement with creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.

### **Risk of not being able to transact on the trade date and associated equitization risk**

When facing subscriptions or redemptions, it is not always possible to transact on the trade date. This can for instance be due to the fact that some markets are already closed because of time zone differences or due to market holidays. This can also happen when the settlement cycle of some securities is shorter than the settlement cycle of the Fund.

In case a significant part of a flow cannot be transacted on the trade date, it will alter the asset allocation of the Fund, which can create an excess of leverage on outflows and a cash drag on inflows.

Such a distortion can materially impact the performance of a Fund and increase the tracking error versus a Fund's benchmark.

During the period between the receipt and settlement of a material subscription or redemption order, the Investment Manager may enter into a long or short position in index futures contracts or exchange traded funds on an index to maintain its market exposure in line with the Fund's investment objective. Such an equitizing mechanism may reduce the alteration of the market exposure due to large flows but may not always be available due to eligibility, liquidity and transaction costs constraints. This equitizing approach also entails basis risk as the correlation between the index and the underlying fund can be limited or suddenly change so that it could cause unexpected losses. There is also a risk of over-hedging and under-hedging due to constraint on the minimum lot size of those instruments and the trading volumes available. Closing and opening those positions on indices is often performed with some delays due to market constraints, which can negatively affect the performance of the Fund.

### **Risk of reversal of trades when activating liquidity managements tools**

When activating some liquidity management tools such as for instance gating or suspending the computation of the NAV, the Investment Manager may have begun trading on a subscription, conversion or redemption order in advance of that activation: this may involve the trades being reversed at a loss to the Fund which will be borne by the existing Unitholders of the Fund.

### **Restriction on Ownership of Units**

The AIFM also acting as 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 AIFM 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 AIFM 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 fulfill any condition of investing in the Umbrella Fund, or (iii) whose Unit ownership the AIFM believes is not in the best interest of the Umbrella Fund. In particular, unless otherwise permitted by the AIFM in its sole discretion, Units may not be offered or sold to any US 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.

The Management Regulations strictly prohibit the offer, sale or transfer of Units without the prior consent of the AIFM.

As used in this Offering Memorandum "US Person" means any national or person resident in the United States of America or a partnership, corporation or other entity organized or existing in any State, territory or possession of the United States except that Units may be offered, sold or delivered to a US Person who is not deemed to be a US Person under Rule 902 of Regulation S under the US Securities Act of 1933.

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

The AIFM emphasizes that all Well-Informed 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, whereby a suspicious order may be rejected by the AIFM.

Excessive trading into and out of the Funds can disrupt Fund investment strategies and increase the Fund's operating expenses. The Funds are not designed to accommodate excessive trading practices. The AIFM 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 AIFM or its agents will be able to recognize such Unitholders or curtail their trading practices. The ability of the AIFM 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 AIFM or its agents are unable to curtail excessive trading practices in the Funds, these practices may interfere with the efficient management of the Funds' portfolio, and may result in the Funds 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 portfolio transactions. Increased portfolio transactions and the use of a line of credit would correspondingly increase the Funds' operating costs and decrease the Funds' 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 AIFM, the Investment Manager or the Distributor.

In the event that a Unitholder in the Fund fails to comply with the aforementioned requirement, then the AIFM 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 AIFM shall be liable whatsoever for any loss, liability or cost incurred or suffered by the Unitholder.

## DISTRIBUTION POLICY

In accordance with the Management Regulations, the AIFM may decide whether and to what extent investment income, realized and unrealized capital gains will be distributed with respect to the Funds.

The AIFM may also authorize a distribution out of capital.

A Fund may offer Distributing Unit Classes with the distribution types and distribution frequencies listed below.

### Distribution Frequencies

- **M – Monthly**

Declared on or about the last Business Day of the month and paid within seven Business Days following the end of the relevant month.

- **Q – Quarterly**

Declared on or about the last Business Day of the calendar quarter and paid within seven Business Days following the end of the relevant quarter.

- **A – Annually**

Declared on or about the last Business Day of the financial year and paid within seven Business Days following the end of the financial year.

### Distribution Types

#### **1. Net Distribution**

Where it is the intention of the AIFM to declare a distribution for the “Net Distribution” distribution type, 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 Unit Class charges a performance fee this fee will not ordinarily be included as part of the accrued expenses for the purpose of calculating the distribution. The AIFM may offer this distribution type for any Fund.

#### **2. Gross Distribution**

Where it is the intention of the AIFM to declare a distribution for the “Gross Distribution” distribution type, it shall ordinarily be declared from gross investment income, represented by the dividends and interest received by the relevant Fund, before charging expenses and various other items as set out under Charges and Expenses, attributable to the relevant Units, against capital instead of against income. In order to deliver a gross income, the potential for capital growth may be reduced and capital may be eroded in the long term. The AIFM typically offers this distribution type for Funds that are expected to provide a meaningful natural yield (as determined by the AIFM) over a market cycle.

### **3. Fixed Distribution**

Where it is the intention of the AIFM to declare a distribution for the “Fixed Distribution” distribution type, it shall ordinarily be declared as an amount per Unit, in the currency of the relevant Unit Class, based on a projected income yield.

For Hedged Distributing Unit Classes, the amount payable will also reflect the addition or deduction of the interest rate differential. This differential will be the percentage difference between the interest rate of the dealing currency of the Hedged Unit Class and the interest rate of the Base Currency of the relevant Fund. The interest rate differential used to calculate the distribution for each period may not necessarily equal the actual interest rate differential resulting from any currency hedging transactions carried out by the Fund.

At the AIFM’s discretion, where there is insufficient income in a given month, distributions may be declared before the deduction of fees and expenses and paid from realised gains less realised losses on the disposal of investments and unrealised gains less unrealised losses on the valuation of investments of the relevant Fund. In order to deliver a managed level of income, the potential for capital growth may be reduced and capital may be eroded in the long term. The AIFM at such times as they deem appropriate may also declare such distributions on any Unit Class out of the capital of the relevant Fund. The AIFM typically offers this distribution type for Funds that do not have an income objective but are expected to provide a meaningful natural yield (as determined by the AIFM) over a market cycle.

For further details in relation to the distribution policy of each Fund, please refer to the annexes below for each Fund of the Umbrella Fund.

## RISK MANAGEMENT

### **Risk Management System**

An integral part of the AIFM's control framework is the permanent risk management function. The permanent risk management function is functionally and hierarchically separated from the operating units of the Umbrella Fund, including from the function of portfolio management. The permanent risk management function has the necessary authority and access to all relevant information to allow it to propose policies and procedures to the board of the AIFM in order to manage and control the risks relevant to the Umbrella Fund.

The AIFM maintains a framework of policies and procedures aligned to those of the Wellington Management group to identify, measure, monitor, manage, and report on all risks relevant to each Fund.

### *Identification of risks and maintenance of the risk management process*

Identification of the risk profile for each Fund occurs prior to portfolio launch. The risk management function works with other relevant Wellington Management functions to review the investment strategy of the portfolio in order to identify and document its risk profile, and to establish limits for applicable quantitative risk measures.

The identified risk profile for each new fund is reviewed to ensure that risks relevant to the fund can be monitored using the current risk tools and processes in place. Changes to risk management processes are made as necessary.

The risk profile of each Fund is reviewed on a periodic basis, when there has been a substantive change to the investment objective or policy, or when the use of new instruments is contemplated to determine if a change in the risk profile is required. If a change in the risk profile is recommended, it is reviewed against the current risk systems and processes and any updates to these processes are made if necessary.

### *Monitoring*

Regular measurement and monitoring of the relevant risks for each Fund occurs on an ongoing basis. The permanent risk management function receives regular reports that includes, but may not be limited to, details on the current levels of market, liquidity, credit, and counterparty risk, as applicable.

Each Fund has set quantitative limits for the risks noted above.

The permanent risk management function conducts regular qualitative reviews of risks of each Fund to ensure that the processes and procedures in place to control such risks remain appropriate.

### *Reporting*

The permanent risk management function provides reports to the conducting officers of the AIFM on a monthly basis to provide detail on each Fund's current level of risk relative to its stated risk profile. Risk reports are provided to the board of the AIFM on a quarterly basis, to provide detail on current risk levels

relative to the relevant Fund's limits, as well as details on trends or other topics that the conducting officers determine to be of interest to the board of the AIFM.

#### *Ongoing review and assessment of the permanent risk function*

The framework of policies, procedures, and systems employed by the permanent risk management function will be reviewed on a regular basis to ensure that it continues to allow the risk management function to identify measure, monitor, manage, and report on risks that are relevant to each Fund.

#### **Leverage**

Leverage is determined by the AIFMD as being any method by which the exposure of each Fund is increased whether through borrowing of cash or transferable securities, leverage embedded in derivative positions or by any other means.

Leverage is monitored on a regular basis and shall not exceed a level disclosed in the Investment Objective and Policies section of each Fund in the annexes. The maximum of leverage for each Fund is set out in such section with regard to such Fund and calculated in accordance with the "gross" and "commitment" methods set out in the AIFMR. The Board of Managers of the AIFM may change the maximum level of leverage from time to time.

#### **Collateral Management and Reuse**

Each Fund delivers collateral from time to time to counterparties (e.g., counterparties to over-the-counter transactions) under the terms of its agreements with such counterparties (e.g., ISDA master agreements and other trading agreements). Each fund of the Umbrella Fund may also deposit collateral as security with a broker. There are generally no restrictions on the use of collateral by such counterparties and brokers, except certain circumstances where a Fund has entered into a tri-partite arrangement under which a third party holds the collateral as custodian and the counterparty or broker may only use such collateral for its own purposes if the relevant Fund has defaulted under the agreement, or where there are regulatory or contractual restrictions on the right of reuse of collateral.

Each Fund receives collateral from time to time from counterparties (e.g., counterparties to over-the-counter transactions) under the terms of its agreements with such counterparties (e.g., ISDA master agreements and other trading agreements). Each Fund may enter into efficient cash management arrangements for the benefit of a Fund (such as investing cash collateral in money market funds or entering into repurchase and reverse repurchase agreements). In addition, the Wellington Global Total Return Fund may reuse collateral to cover short sales.

#### **Liquidity Management**

In accordance with the AIFMD, the AIFM has adopted appropriate liquidity management tools and procedures to measure the liquidity risk of each Fund, so as to ensure that the liquidity profile of each Fund's investments are in line with its obligations and notably that it will be in a position to satisfy the Unitholders' redemption requests in accordance with the provisions of this Offering Memorandum and the Management Regulations.

The AIFM performs stress tests, on a regular basis, simulating normal and exceptional circumstances in order to assist in evaluating and measuring the liquidity risk of each Fund.

If deemed necessary, the AIFM may take the appropriate measures in order to ensure the liquidity of each fund of the Umbrella Fund and notably the imposition of deferred redemptions (as noted in sub-section **Redemption of Units**), a suspension of dealings (as noted in sub-section **Suspension of the valuation of the total net assets and of the issue, conversion and redemption of Units**), and/or a dilution levy (as noted in sub-section **The NAV**).

The AIFM shall ensure that the investment strategy, the liquidity profile and the redemption policy of the Fund are aligned.

The liquidity management policy will be reviewed at least annually and where needed will be updated by the AIFM.

## MANAGEMENT AND ADMINISTRATION

### The Management Company and Alternative Investment Fund Manager (“AIFM”)

WELLINGTON LUXEMBOURG S.à r.l. was established in Luxembourg on 30 August 1991 initially as a *société anonyme* under Luxembourg law for an undetermined period of time, registered on the Luxembourg Commercial Register under No. B 37861. Its share capital amounts to USD 3,219,145.89.-.

Its articles of incorporation were published in the Mémorial on 5 October 1991 and amended more recently on 4 July 2018.

WELLINGTON LUXEMBOURG S.à r.l. is authorised by the CSSF as a management company governed by Chapter 15 of the law of 17 December 2010 on undertakings for collective investment, as amended (“**2010 Law**”), registered on the official list of Luxembourg Chapter 15 management companies, as well as an alternative investment fund manager within the meaning of the AIFMD, registered and authorised by the CSSF to act as AIFM.

The objective of the AIFM is the creation and the management of Luxembourg mutual funds, whether UCITS or AIFs, and the issue and redemption of their units, the administration of its own assets being only an ancillary activity.

The Board of Managers of the AIFM undertakes all actions necessary to meet the AIFM’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 AIFM.

The AIFM is bound by the Management Regulations, which were initially established on 11 December 2006, deposited with the Registry of the Luxembourg District Court, and published in the Memorial on 26 January 2007. The last amendment to the Management Regulations was deposited with the Luxembourg register of commerce and companies and a notice of the deposit thereof has been published on RESA.

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

The AIFM 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 AIFM is listed in the Directory. Its fully paid-in capital resources amount to USD 3,219,145.89- and its majority shareholder is WELLINGTON MANAGEMENT FUNDS HOLDINGS LLP, a limited liability partnership, existing under the laws of the State of Delaware, Wilmington, New Castle, Delaware, U.S.A.

Its auditors are PRICEWATERHOUSE COOPERS, *Société coopérative*.

As the AIFM of the Umbrella Fund, WELLINGTON LUXEMBOURG S.à r.l. is responsible for the portfolio management of the Umbrella Fund and exercising the risk management function in respect of the Umbrella Fund, as well as other additional functions exercised in the management of the Umbrella Fund or other activities related to the assets of the Umbrella Fund. The AIFM has delegated portfolio management of the Umbrella Fund’s assets to the Investment Manager as described below.

In the fulfilment of its risk management function, the AIFM implements appropriate risk management systems in order to detect, measure, manage and follow in an adequate manner all risks relating to the Investment Policy of each Fund. As such, the AIFM shall ensure that the risk profile of each Fund is appropriate in light of the size, portfolio's structure, strategies and investment objectives of such Fund.

The valuation function is performed by the AIFM itself in accordance with the AIFMD, applicable law, its articles of incorporation and the AIFM valuation procedures. The valuation function is functionally independent from the portfolio management function. The AIFM has adopted a remuneration policy and other measures to ensure that conflicts of interest are mitigated and to prevent undue influence upon its employees.

In the context of its activities, the AIFM must at all times:

- act honestly, with due skill, care and diligence and fairly in conducting its activities;
- act in the best interests of the Umbrella Fund or its Unitholders and the integrity of the market;
- have and employ effectively the resources and procedures that are necessary for the proper performance of its business activities;
- take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Umbrella Fund and its Unitholders and to ensure that the Umbrella Fund is treated fairly;
- comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of the Umbrella Fund or its Unitholders and the integrity of the market;
- treat all Unitholders fairly.

The AIFM has adopted a conflicts of interest policy and shall ensure that any delegates appointed by it also have a conflicts of interest policy in place. Where necessary, the delegates shall notify the AIFM of any conflict of interest which has arisen.

The AIFM has adopted a best execution policy in order to obtain the best result possible when passing orders. Unitholders may obtain from the AIFM upon request the relevant information on that best execution policy.

The AIFM has adopted a voting rights strategy in respect of the Umbrella Fund's assets. A summary description of the policy as well as the details of the actions taken under such policy are available to the Unitholders upon request to the AIFM.

WELLINGTON LUXEMBOURG S.à r.l. has additional own funds of a sufficient amount to cover the potential liability risks arising out of professional negligence in its capacity as AIFM of the Umbrella Fund.

### **The Investment Manager**

The AIFM has delegated portfolio management of the Umbrella Fund's assets to the Investment Manager.

An Investment Management Agreement with respect to the Funds has been entered into for an indefinite period of time between the AIFM and the Investment Manager. This Agreement, as may be amended from time to time, may be terminated by either party with three months' prior written notice.

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

Wellington Management Company LLP and its predecessor organizations have provided discretionary investment management services to investment companies since 1928 and to pension plans, endowment funds and other investors since 1960. As of March 2025, the Wellington Management group provided discretionary services for over USD 1.2 trillion in assets under management.

Under the terms of the Investment Management Agreement, the AIFM has delegated portfolio management with regard to the Funds to the Investment Manager. In the fulfilment of its portfolio management function, the Investment Manager implements, in collaboration with the Board of Managers of the AIFM, the Investment Objective, the Investment Policy and investment restrictions of the Funds and makes any recommendations it considers necessary in relation thereto. It takes investment decisions and manages the Funds' assets in a discretionary manner and with the goal of achieving the Investment Policies and Objectives of the Fund.

In consideration of its services for the Funds, the Investment Manager shall be paid by the AIFM, out of the net assets of the Funds, the fees specified in the section entitled **Charges and Expenses**.

The Investment Manager has entered into Sub-Investment Management Agreements with Wellington Management International Ltd., Wellington Management Singapore Pte Ltd, Wellington Management Hong Kong Ltd, and Wellington Management Japan Pte Ltd (the "**Sub-Managers**") in respect of the portfolio management of the Umbrella Fund's assets. One or more of these Sub-Managers may provide portfolio management services to the Funds from time to time. Each of the Sub-Managers has been selected by the Investment Manager upon its proven expertise and/or strategies in a specific field of professional asset management and will manage the assets of the Umbrella Fund under the control and the responsibility of the Investment Manager. The fees of the Sub-Managers shall be paid by the Investment Manager.

Although the AIFMD does not currently require the Investment Manager to comply with the AIFMD rules on regulatory capital (including those relating to professional liability risks), the Investment Manager does maintain an extensive professional insurance program covering the firm and its global affiliates and subsidiaries. This program is designed reasonably to protect the firm against undue financial burdens from insurable events. The program covers, among other items, errors and omissions and employee dishonesty.

### **The Distributor**

According to a Distribution Agreement with effect as from 1 December 2021 concluded between the AIFM and Wellington Global Administrator, Ltd, the latter has been appointed as the Umbrella Fund's distributor.

The Distributor will receive a fee paid out of the administrative fee as described under "**Charges and Expenses**" below.

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 AIFM has appointed State Street Bank International GmbH, acting through its Luxembourg Branch 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 ("**Depositary Agreement**"). In the context of their respective roles, the AIFM 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 Depositary shall assume its duties and responsibilities in accordance with the provisions of the 2007 Law and the AIFM Law.

The Depositary shall carry out all operations concerning the day-to-day administration of the assets of the Umbrella Fund.

The principal duties of the Depositary are as follows:

- a) safe-keeping of the assets of the Umbrella Fund that can be held in custody (including book entry securities) and record-keeping of assets that cannot be held in custody in which case the Depositary must verify their ownership;
- b) ensure that the Umbrella Fund's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the subscription of Units have been received and that all cash of the Umbrella Fund has been booked in cash accounts that the Depositary can monitor and reconcile;

- c) ensure that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with applicable laws and the Management Regulations;
- d) ensure that the value of the Units is calculated in accordance with applicable laws, the Management Regulations and the valuation procedures;
- e) carry out the instructions of the AIFM, unless they conflict with applicable laws or the Management Regulations;
- f) ensure that in transactions involving the Umbrella Fund's assets any consideration is remitted to the Umbrella Fund within the usual time limits;
- g) ensure that the Umbrella Fund's income is applied in accordance with applicable laws and the Management Regulations.

#### Depositary's liability

In relation to the Depositary's safekeeping duties as referred to in paragraph (a) above, in respect of financial instruments that can be held in custody (as defined in article 1 (51) of the AIFM Law), the Depositary is liable to the AIFM acting on behalf of the Umbrella Fund or to its Unitholders for any loss of such financial instruments held in custody by the Depositary or any delegate of the Depositary to whom safekeeping of those financial instruments has been delegated (a "Sub-Custodian"). The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement within the context of article 19(11) of the AIFM Law.

In the case of such a loss of financial instrument held in custody, the Depositary must return a financial instrument of identical type or the corresponding amount to 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 AIFM Law. Moreover, the Depositary may contractually discharge its liability for loss of financial instruments to a Sub-Custodian pursuant to article 19(11) and article 19(13) of the AIFM Law, provided that, where relevant, the conditions of article 19(14) of the AIFM Law are also met. Unitholders will be informed without delay in writing of any changes with respect to the Depositary's liability. The term "loss of financial instruments held in custody" shall be interpreted in accordance with the AIFMR and in particular article 100 of the AIFMR.

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

The AIFM 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, willful 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 may only delegate its safekeeping functions but not its oversight functions in accordance with applicable laws and the provisions set out in the Depositary Agreement. Additionally, when delegating such functions, the Depositary shall comply with the due diligence and supervisory requirements of the AIFM Law relating to the selection and on-going monitoring of Sub-Custodians. The Depositary shall also ensure that identified conflicts of interest are managed and monitored.

The Depositary has delegated those safekeeping duties set out in article 21 (8) of the AIFMD to State Street Bank and Trust Company with registered office at One Congress Street, Suite 1, Boston, MA 02114-2016, 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.

In the event that the law of a particular jurisdiction requires that certain financial instruments be held in custody by a local entity and no local Sub-Custodian has, been identified by the Depositary as being capable of fulfilling the delegation requirements of the AIFM Law, the AIFM shall, prior to the Unitholders investing in those financial instruments, (i) ensure that the Unitholders are duly informed that the delegation is required due to legal constraint in that jurisdiction and (ii) set out for them the circumstances that, in the reasonable opinion of the AIFM, justify such delegation. In the event that the delegation requirements of the AIFM Law are not capable of being fulfilled by a Sub-Custodian after the Unitholder has invested in the Umbrella Fund, the AIFM shall also ensure that the Unitholders are informed of the legal constraints in the relevant law and of the circumstances that, in the reasonable opinion of the AIFM, justify such delegation.

To the extent that a Sub-Custodian is permitted to sub-delegate its functions, it may do so only to the extent that its liability under the AIFM Law is not affected by such sub-delegation.

There are currently no arrangements for the contractual discharge of the Depositary's liability. Unitholders shall be notified of any arrangements agreed with the Depositary for any such discharge.

### 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 AIFM acting on behalf of the Umbrella Fund may use an affiliate of the Depositary 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 AIFM.

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 AIFM, the Investment Managers and/or their affiliates may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary'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 Depositary 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 Depositary as its counterparty, which might create incentive for the Depositary 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 Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Umbrella Fund and its Unitholders.

The Depositary has functionally and hierarchically separated the performance of its depositary 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 depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary 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 Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary 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 Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, 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 AIFM have agreed an initial term as set out in the Depositary Agreement. The Depositary or the AIFM 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 AIFM may terminate the appointment of the Depositary at any time upon one hundred and eighty (180) days prior written notice.

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

Termination is, however, subject to the condition that a new depositary bank 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.

## **The UCI Administrator and Registrar and Transfer Agent**

The duties of UCI Administrator have been entrusted to State Street Bank International GmbH, acting through its Luxembourg Branch by virtue of an administration agency agreement (“**Administration Agency Agreement**”) including the calculation of the NAV per Unit and assistance in preparation and filing of financial reports and other general functions as more fully described in the Administration Agency Agreement referred to above.

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 (“**Registrar and Transfer Agency Agreement**”) including the keeping the register of the Umbrella Fund’s Unitholders and assisting the AIFM in verifying that Investors qualify as eligible investors under the 2007 Law, and other general functions as more fully described in the Registrar and Transfer Agency Agreement referred to above.

The latest NAV of the Umbrella Fund together with the historical performance of the Umbrella Fund will be available to Unitholders upon request from the Registrar and Transfer Agent.

The UCI Administrator, the Registrar and Transfer Agent and the AIFM have agreed an initial term as set out in the Administration Agency Agreement, and Registrar and Transfer Agency Agreement. During or after the initial term, the Administration 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 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 AIFM, will appoint a new UCI Administrator and/or Registrar and Transfer Agent as the case may be for the Umbrella Fund.

## **Unit Class Currency Management Services**

The AIFM 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 with effect as from 28 November 2016 entered into with the AIFM (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<sup>31st</sup>, 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.

## CHARGES AND EXPENSES

### Administrative Fee

The AIFM shall be paid an administrative fee out of the assets of the Funds which are attributable to the relevant Class.

This administrative fee is calculated as a percentage of the daily net assets of that Class, accrued daily in the NAV of the relevant Class and paid typically quarterly in arrears. The administrative fee rate will vary across Classes reflecting the differing expenses of Classes but the maximum administrative fee that is paid:

- shall not exceed 0.25% per annum for the Class S, STH and T Units and 0.40% per annum for the Class N and D Units, for the Wellington Global Total Return Fund,
- shall not exceed 0.25% per annum for the Class S and T Units and 0.40% per annum for the Class D and N Units, for the Wellington Commodities Fund.

The purpose of the administrative fee is to provide a fixed rate of fees covering the expenses of the Fund, which expenses might otherwise be subject to fluctuation over time. The administrative fee ensures that the Fund is protected from these fluctuations, which would not be the case if the Fund 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 AIFM, or other Wellington Management affiliate elected by the AIFM will bear any costs and expenses incurred by the relevant Class in any period in excess of the administrative fee charged to the Class, but conversely will be entitled to retain any amount of the administrative fee paid to it which exceeds the actual operating expenses incurred by the relevant Class during any period. The AIFM in its discretion may choose to waive a portion of the administrative fee as the level of assets in the Fund increases; however, as the level of assets in a particular Fund decreases, the AIFM may withdraw any waiver of the administrative fee. The maximum administrative fee per Unit Class is disclosed above accordingly.

Further the AIFM 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 AIFM will be reduced by the same amount.

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

- Depositary fees and reasonable out of pocket expenses;
- UCI Administrator fees and reasonable out of pocket expenses;
- Transfer Agent fees and reasonable out of pocket expenses;
- AIFM fees relating to the provision, procuring, overseeing and/or monitoring of various services to the Umbrella Fund and the Fund by the AIFM 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 AIFM 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. For the avoidance of doubt, these fees do not include the distribution fees payable to financial intermediaries and/or other distributors described under the 'Distribution Fees' section of the relevant annexes below for each Fund;
- Costs associated with including Funds on a platform;
- Fees of the members of the Board of Managers of the AIFM who are not employed by affiliates of the AIFM as well as reasonable out of pocket expenses incurred by all members of the Board of Managers of the AIFM in discharging their managers' 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 AIFM, the Depository, the correspondents or the UCI Administrator while acting in the interest of the Unitholders;
- The cost of taking out and maintaining any insurance policy in relation to the Umbrella Fund, the AIFM and/or the Managers;
- The Luxembourg *taxe d'abonnement* being 0.01% per annum for all Classes of Units;
- Any start-up costs associated with the creation of the 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 Offering Memorandum (as well as any amendments or supplements), KIDs, Fact sheets, websites, 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 the Fund;
- 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 the Fund:

- Investment management fees;
- Performance fees (for the Wellington Global Total Return Fund);
- Distribution fees as described under the 'Distribution Fees' section of the relevant annexes below for each Fund;
- 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 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 the Class in respect of which they were incurred or, where an expense is not considered by the Managers to be attributable to any one Class, 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.

In relation to the functions performed for the Umbrella Fund as its AIFM, the AIFM is only authorised to give or receive a remuneration, commission or non-monetary benefit in accordance with the provisions of the AIFMD. Where, and to the extent permitted by the AIFMD, the AIFM gives or receives a remuneration, commission or non-monetary benefit from a third party or a person acting on behalf of a third party, the AIFM hereby undertakes to disclose the details at the request of any Unitholder. The AIFM is further allowed to pay or receive proper fees necessary for the provision of services such as, without limitation, settlement and exchange fees, legal fees, taxes etc. which by their nature are not incompatible with the AIFM's obligation to act honestly, fairly and in the best interests of the Umbrella Fund or the Unitholders.

In addition to the foregoing, a Unitholder may be impacted by swing pricing mechanisms, as described above.

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.

### **Soft Commissions**

In the selection of broker-dealers and other counterparties and in the execution of transactions in portfolio securities for a Fund, the Investment Manager seeks to achieve the most favourable price and best execution available under the circumstances. In assessing the terms of a particular transaction, consideration may be given to various relevant factors, including the market for the security and difficulty of executing the transaction, the price of the security, the financial condition and execution expertise of the intermediary, the reasonableness of the commission, if any, and the brokerage or research services, which include where applicable market analysis, data and quotation services, provided by the intermediary to the Investment Manager. Subject always to the requirement of most favourable price, best execution and applicable laws, where the counterparty selected also provides brokerage and / or research services (which includes where applicable, written material and analyses, conversations with analysts at such providers, data services, meetings with corporate management and access to experts in a variety of fields), the Investment Manager may pay a higher commission than might be otherwise available in consideration of such brokerage and research services which assist the Investment Manager in providing investment services to the Company, provided that the Investment Manager determines in good faith that such commission is reasonable in

relation to the value of brokerage and research services. Such brokerage and research services may apply to the Investment Manager's services to a Fund or to its other clients.

## TAXATION

The following sections do not purport to deal with all of the tax consequences applicable to the Umbrella Fund 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 AIFM regarding the law and practice in force at the date of this Offering Memorandum. 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**

#### *General Considerations*

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 construed to be, legal or tax advice.

Prospective purchasers of the Units should consult their own tax advisers on all applicable tax implications of them purchasing, holding, or selling the Units and receiving distributions in respect of Units in the Umbrella Fund, 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 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*) generally. 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.

### *The Umbrella Fund*

Under present law and practice, the Umbrella Fund is not subject to any Luxembourg income tax or net wealth tax, nor are distributions paid by the Umbrella Fund liable to any Luxembourg withholding tax. The Umbrella Fund is, however, subject in Luxembourg to the Luxembourg subscription tax (“*taxe d’abonnement*”) at the rate of 0.01% per annum (reductions and exemptions are available for certain types of assets), such tax being payable quarterly and calculated on the total NAV of the Umbrella Fund on the last day of each calendar quarter. No stamp duty or other tax is levied on the assets of the Umbrella Fund invested in other Luxembourg undertakings for collective investments. No stamp duty, capital duty, or other tax will be payable in Luxembourg on the issue of the Units of the Umbrella Fund.

Income and gains, if any, derived or realized by the Umbrella Fund from investments may be liable to taxation (including capital gains tax, withholding taxes, and duties) in the country where the source of such income and gains is located, which generally cannot be recoverable.

### *Anti-Tax Avoidance Directive 1 and Anti-Tax Avoidance Directive 2*

The implementation of EU Directives 2016/1164 of 12 July 2016 and 2017/952 of 29 May 2017 (“**ATAD 1 and ATAD 2**”) into Luxembourg law, i.e., Luxembourg Law n° 7318 adopted on 18 December 2018 and Luxembourg Law n°7466 adopted on 19 December 2019, and effective as from 1 January 2019 and 1 January 2020 respectively (with the exception of reverse hybrid entity rules of ATAD 2 which entered into force on 1 January 2022), entailed the introduction of several anti-tax avoidance measures into Luxembourg law. These measures encompassed the introduction and amendments with regards to

- i) controlled foreign company rules,
- ii) exit tax rules,
- iii) anti-hybrid rules,
- iv) interest limitation rules, and
- v) the general anti-abuse rules.

The Umbrella Fund is not expected to be materially impacted by ATAD 1 and ATAD 2, however, external advice will be sought as required to document the position.

### *Luxembourg tax residence of the Unitholders*

Unitholders will not be deemed to be resident, domiciled, or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, and exchange of the Units of the Umbrella Fund.

### *Luxembourg resident Unitholders*

Unitholders who are domiciled in, or residents of Luxembourg, or Unitholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Units in the Umbrella Fund are attributable by Unitholders that are former Luxembourg residents are liable to corporate income tax, municipal business tax, solidarity surcharge, as well as personal income tax in case of individual Unitholders, concerning the income and capital received and allocated from the Umbrella Fund and its Units. Corporate Unitholders may further be subject to net wealth taxes.

### *Luxembourg non-resident Unitholders*

Unitholders who are not domiciled, resident, or who do not have a permanent establishment or a permanent representative in Luxembourg to which or whom the Units in the Umbrella Fund are attributable are not subject to taxes (income, transfer, capital gains, estate, inheritance or other taxes) or duties in Luxembourg with respect to holding, transferring, purchasing or repurchasing of the Units in the Umbrella Fund or on any distributions linked to the Units or other payments made to the Unitholders.

### *Value Added Tax*

The Umbrella Fund, together with its AIFM, are considered in Luxembourg as one single taxable person for Value Added Tax (“VAT”) purposes (having the same Luxembourg VAT ID) without input VAT deduction right. The AIFM is liable to declare and pay any VAT that would be due, under the reverse charge mechanism, by the Umbrella Fund. The Umbrella Fund’s activity itself is regarded as exempt from VAT in Luxembourg. According to current Luxembourg legislation, the Umbrella Fund/AIFM benefits from a VAT exemption for the services received which qualify as fund management services. The services include the investment management functions and functions for administering the Umbrella Fund, marketing of the Umbrella Fund, and risk management.

Other services (not benefiting from a VAT exemption) supplied to the Umbrella Fund/AIFM by suppliers established outside Luxembourg would trigger the liability to pay VAT under the reverse charge mechanism and require the AIFM to register for VAT in Luxembourg.

No VAT liability in principle arises in Luxembourg in respect of any payments made by the Umbrella Fund to its Unitholders to the extent such payments are linked to their subscription to the Units of the Umbrella Fund and thus do not constitute consideration received for any taxable services supplied. The sales and redemption of Units do not trigger any VAT liability either.

### **EU Mandatory Disclosure Regime**

The EU revised the Council Directive 2011/16/EU on administrative cooperation in the field of taxation, as amended by Council Directive (EU) 2018/822 of 25 May 2018 (“DAC6”), the result of which is that a Mandatory Disclosure Regime (“MDR”) came into effect on 25 June 2018. The MDR requires taxpayers and intermediaries to report details of reportable cross-border arrangements to their home tax authorities. This information is automatically exchanged among the tax authorities of the EU Member States.

The Law of 25 March 2020 implementing DAC6 into Luxembourg legislation was published in transposed the Official Journal number 192 of 26 March 2020 (“MDR Law”). The MDR Law is broadly aligned to the requirements of DAC6. The MDR Law imposes mandatory disclosure requirements for certain cross-border arrangements satisfying hallmarks specified in DAC6, as implemented into the MDR Law, and in certain instances where, in addition to satisfying the hallmarks, the main or expected benefit of the arrangement is a tax advantage.

As a result, an obligation for intermediaries (and in certain circumstances taxpayers) to notify and report certain tax structures has been introduced and has become effective as from 1 July 2020 onwards. For reportable arrangements that are made available for implementation, that are ready for implementation, or for which the first step of implementation is made on or after 1 January 2021, the standard 30-day period (for reporting by intermediaries or, if applicable, relevant taxpayers) and the standard 10-day period (for notifications by intermediaries with a reporting exemption, i.e., LPP) apply.

The MDR Law creates an obligation for persons referred to as “intermediaries” to make a return to the relevant EU tax authorities of information regarding certain cross-border arrangements with particular characteristics, referred to as “hallmarks”. A tax authority receiving such a report must automatically exchange that information with tax authorities in other EU Member States and the UK. In certain circumstances, instead of an intermediary, the obligation to report may pass to the relevant taxpayer of a reportable cross-border arrangement.

The transactions contemplated under this Offering Memorandum may fall within the scope of the MDR Law/DAC6 and thus may qualify as reportable cross-border arrangements. If that were the case, any person that falls within the definition of an “intermediary” (this could include the Administrator, the AIFM, the Investment Manager, the legal and tax advisers of the Fund etc.) or, in certain circumstances, the relevant taxpayer of a reportable cross-border arrangement (this could include Unitholder(s)) may have to report information in respect of the transactions to the relevant tax authorities. In addition, any taxpayer who is an individual and who is declared in a DAC6 report automatically becomes a chargeable person and would be required to provide additional details in their annual tax declaration. Please note that this may result in the reporting of certain Unitholder information to the relevant tax authorities. The Investment Manager will inform investors should it identify an arrangement carried out by the Fund which meets one of the hallmarks as defined under the MDR regulations, to enable investors to comply with their own MDR reporting obligations.

Case by case analysis under the MDR law/DAC6 is required to determine whether any entity in the fund structure should be considered as an intermediary that might have reporting obligations to the competent tax authorities (i.e., that would result in the transmission of customers’ data). There is no direct official guidance issued in Luxembourg in this regard; therefore, further developments, including guidance and market practice, should be carefully monitored.

Unitholders and prospective investors should consult their own tax advisor regarding the requirements of the MDR Law/DAC6 with respect to their own situation.

### **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.

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 Funds 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:

- ordinary income (e.g., interest income, dividend income, other ordinary income minus the Fund's expenses) and
- 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 Units are held on Austrian deposit, the 27.5% tax on the DDI and the distributed income is withheld by the Austrian depository bank at the time the DDI is reported to OeKB (i.e., at any time up to 7 months after the Umbrella Fund's FYE). In case the Units are held on foreign deposit, the DDI and the distributed income have to be included in the private investor's personal income tax

### *Sale of Units*

Where private investors sell their 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 Units) the Unit's purchase price is increased annually by the taxed DDI. It should be noted that the sales (preliminary) charge must not be considered as incidental acquisition cost.

If the 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 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 Units bought after 31 December 2010. Capital gains from the sale of Units bought before 1 January 2011 are generally tax free.

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

If 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% (i.e., no 40% exemption available).
- Individuals holding the Units as business property have to include the extraordinary income and the realised capital gains or losses from the sale of 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 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.

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 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 NAV over the calendar year, but at least 10% of the NAV at calendar year-end, is subject to taxation.

## **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 Fund/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 types of investors. The following sections provide for a very brief overview of certain German income tax consequences of purchasing, owning and disposing of Units in the Fund / Unit Class at the level of the Unitholders that are subject to tax in Germany.

According to the flat rate tax, introduced by the Corporate Tax Reform Act 2008 and which came into effect in 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.

### **German Investment Fund Tax Regime**

On 1 January 2018 the new German Investment Tax Act (“GITA”) regime became effective. This 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. For investment funds a new opaque tax regime applies whereas for special-investment funds the transparent tax regime applies. All Funds will be treated as investment funds in accordance with the GITA. The special investment fund tax regime in accordance with the GITA 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 the new rules regarding the taxation at the level of the Unitholder.

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

From 1 January 2018 domestic and foreign investment funds will be subject to corporate income tax with respect to certain German source income. Primarily German dividend income and German real estate income will be subject to German corporate income tax at fund level. In the case of German dividend income, the German tax will generally be withheld at source. For investment funds that applied for the fund status certificate a reduced tax rate of 15% (including 5.5% solidarity surcharge) will be applicable. The Funds of the Umbrella Fund having exposure to German stocks will use commercially reasonable efforts to apply for the fund status certificate upon fund formation. In the case that the Fund derives German source income which is not subject to withholding tax at source the Fund is obliged to file a German corporate income tax return.

#### ***The Unitholder***

To account for the systematic change of the investment fund taxation regime, the GITA stipulates a “fictitious” disposal of the Units as of 31 December 2017 and a “fictitious” reacquisition of the same as of 1 January 2018. The capital gains will be determined and will be subject to the taxation rules according to the

old GITA in its version in force until 31 December 2017. The capital gains of the “fictitious” disposal of Units as of 31 December 2017 will only be taxed when the Unitholder actually sells / redeems the Units. All capital gains derived for the period from 1 January 2018 until the disposal of the Units will be subject to the new taxation rules according to the GITA.

Capital gains of Units acquired before 1 January 2009 (“**grandfathered Units**”) derived from the “fictitious” disposal as of 31 December 2017 are tax exempt for private investors. Any capital gains derived from grandfathered Units for the period from 1 January 2018 until the disposal / redemption of the Units are subject to tax for private investors provided the capital gains exceed a tax allowance in the amount of EUR 100.000,00 (one-off tax allowance). However, this capital gains will be subject to withholding tax even if the tax allowance is not or just partially utilized. Therefore, the Unitholder needs to claim the tax allowance in the course of the tax assessment. These rules are not applicable to business Unitholders who hold their shares as part of their business assets.

Under the rules of the GITA, Unitholders will generally be taxed on a cash flow basis (i.e., 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. The basis of the determination of the pre lump-sum amount is the so-called base income (“**Basisertrag**”) which will be calculated based on 70% of the interest rate published by the German Ministry of Finance and the first redemption price of the respective calendar year. The base income is limited to the surplus of the difference between the first and the last redemption price of the respective calendar year plus distributions. The pre lump-sum amount is the amount by which the distributions of the Fund in a calendar year fall short of the base income. The pre lump-sum amount may not be negative. The pre lump-sum amount is deemed to be received by the Unitholder on the first business day of the following calendar year. The sum of pre lump-sum amounts that was subject to tax at Unitholder level will reduce the capital gain derived from the disposal of the Units in the Fund / Unit Class.

All taxable investment income (i.e., distribution, capital gains upon disposal or redemption, pre-lump sum amount) qualifies as capital investment income in the sense of Sec. 20 para. 1 no. 3 German Income Tax Act (“**ITA**”) and 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. Generally, the tax is collected by way of a German withholding tax. In case the Units are not held in a German depositary or in case the Units are held as part of business assets, German Unitholders are obliged to declare the investment income in their income tax returns. At the level of business investors (i.e., unitholder falling either under the rules of the ITA or the German Corporate Income Tax Act (CITA)) the personal tax rate applies.

Unitholders may benefit from a partial tax exemption according to Sec. 20 para. 1 – 3 of the GITA depending on the fund type (i.e., “equity funds”, “mixed funds” or “real estate funds”) and depending on the tax status of the Unitholder. The applicable fund type is linked to the investment strategy of the Fund and is generally stated in its terms and conditions. The following table shows the respective fund types including the necessary investment thresholds and the applicable partial tax exemption rate per investor type:

Fund types according to the GITA	Partial tax exemption rate	Partial tax exemption rate	Partial tax exemption rate
	Private Investors	Business Investors (ITA)	Business Investors (CITA)
Equity Funds: more than 50% of their NAV continuously invested in Qualifying Equity Instruments as defined in Sec. 2 para. 8 of GITA	30%	60%	80%
Mixed Funds: at least 25% of their NAV continuously invested in Qualifying Equity Instruments as defined in Sec. 2 para. 8 GITA	15%	30%	60%
Real Estate Funds: more than 50% in real estate acc. to Sec. 2 para. 9 GITA	60%	60%	60%
Real Estate Funds (foreign): more than 50% in foreign real estate acc. to Sec. 2 para. 9 GITA	80%	80%	80%
Other Funds	no partial tax exemption	no partial tax exemption	no partial tax exemption

The partial tax exemption applies on all investment income (i.e., 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.

According to section 2 paragraph 8 of the GITA as applicable on 22 November 2019, “Qualifying Equity Instruments” are:

- shares in a corporation (e.g. public limited company) that does not qualify as an Investment Fund (as per above table), that are admitted to trading on a stock exchange or that are listed on an organised market,
- shares in a corporation that does not qualify as an Investment Fund (as defined below) or as a Real Estate Company (as per above table) and
  - o is domiciled in a member state of the European Union or in another contracting state of the Agreement on the European Economic Area and which is subject to corporate income tax in such state, without being exempt from such corporate income tax, or
  - o which is domiciled in another state and is subject to corporate income tax in such state levied at a rate of at least 15%, without being exempt from such corporate income tax,
- interests in Equity Funds (as per above table) at a rate of 51% of the value of such interests, and
- interests in Mixed Funds (as per above table) at a rate of 25% of the value of such interests.

For the avoidance of doubt, in the case that the definition of Qualifying Equity Instruments (pursuant to section 2 paragraph 8 of the GITA as applicable on 22 November 2019) is amended or replaced, any reference to Qualifying Equity Instruments in this Prospectus shall be read as the reference to such amended or new definition.

When distributed in Germany, the classification of each Fund pursuant to the GITA is set out in the relevant annexes below for each Fund. The GITA classification is based on the rules defined in section 2 paragraphs 6 and 7 of the GITA. Please refer to WM Datenservice for the current physical equity participation rate of the relevant Fund, which is updated daily.

In case of investments in target investment funds, these target investment funds will be considered by the relevant Funds in the calculation of their equity participation ratio.

As far as such data is available, the actual equity ratios of target funds, calculated and published at least weekly, will be considered in this calculation according to section 2 paragraphs 6 and 7 of the GITA.

## **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.

For German tax purposes the Funds are classified as equity, mixed, real estate, or bond (other) funds based upon the securities held by the Fund and the categorization of the securities as defined in the GITA. A change in the investment strategy of a fund could cause a breach of the equity thresholds as defined in the GITA which will lead to a loss of the benefit of the respective partial tax exemption for the Unitholder. A change in the fund status will also lead to a fictitious sale of the Units and a fictitious acquisition. However, the capital gain of the fictitious sale will only be taxed when the Unitholder actually sells or redeems the Units. The rules of the fictitious sale upon change of the fund status for German tax purposes allows for an allocation of the valid partial tax exemption rate for the respective holding period.

Based on the result of a potential audit by the German tax authorities, there could be a change of the fund status for German tax purposes of individual Funds of the Umbrella Fund. Such a change may impact the historic and future taxation of the Unitholder.

## **Italian Taxation**

### *Income taxes*

Income from foreign funds is subject to a different taxation depending on the categories in which the Unitholders can be classified.

In particular, there are three relevant categories of unitholders:

- A) **Non-Business investors:** Private investors and Non-commercial entities (including foundations) holding the Units not in connection with a business activity.
- B) **Business-investors:** Individuals holding the Units in connection with a business activity and Corporate Investors.
- C) **Exempt Institutional Investors:** Italian UCITS funds and AIFs, Real Estate funds and pension funds.

### **Non-Business investors**

The investment in the Units may generate a taxable income in connection with the following events:

- a) Distributions: the taxable income is the amount of the distribution, up to the amount that is not characterized by the Fund Manager as capital repayment;
- b) Redemption of the Units or liquidation of the fund: the taxable income is determined as the positive difference between the redemption value of the Units and their average weighted subscription/purchase price;

- c) Sale of the Units: the taxable income is the positive difference between the sale price of the Units and their average weighted subscription/ purchase price;
- d) Transfer of the Units to a different unitholder by inheritance, gift or any other event different from sale: the taxable income is the positive difference between the value of the Units as at the date of the transfer and their average weighted subscription/ purchase price; and
- e) Switch between sub-funds: the taxable income is the positive difference between the value of the Units of the switched fund as at the date of the switch and their average weighted subscription/ purchase price.

The taxable income is subject to a final withholding tax at 26% that is applied by the Italian paying agent appointed with the placing of the Units or, in case of disposal of the Units, by the financial intermediary in charge with the trading. In the absence of a paying agent, the withholding tax (“WHT”) is applied by any Italian financial intermediary collecting the income on behalf of the unitholder. If no financial intermediary intervenes in the collection of the income, the unitholder must include the income in its own tax return and apply the 26% taxation.

If the foreign fund derives (directly or indirectly through the investment in other investment funds) income from the investment in certain eligible government bonds and equivalent securities, the portion of the income that is deemed to derive from such bonds is subject to the 26% WHT only on 48.08% of the relevant amount. This results in a reduced source WHT rate of 12.50%. The Umbrella Fund uses reasonable efforts to provide the calculation of the percentage of eligible assets held by the Fund for the purposes of the reduction in the rate of WHT.

Any negative difference arising from the redemption, disposal, transfer by gift/inheritance, or switch of the Units or liquidation of the fund by reference to the average weighted subscription/purchase price of the Units can be used to offset capital gains on other financial assets or carried forward for 4 years.

### **Business investors**

The same taxable events and rules for the determination of the taxable income described in relation to Non-Business Investors also apply to individuals holding the Units in connection with a business activity and to corporate unitholders.

The taxable income arising from the fund must be included by these unitholders in the respective business taxable income subject to the statutory tax rates (up to 43% for individuals, 24% to 27.5% for corporate investors).

In the event that the paying agent appointed for placement of the Units or any other Italian financial intermediary collecting the income from the fund applies the 26% WHT on the income from the foreign fund, this WHT is levied as an advance payment on account of the final liability, i.e., the unitholder can deduct the WHT suffered at source from its overall income tax due on business income.

An exemption from the WHT is provided for insurance companies holding the Units to back the actuarial reserves of a life insurance business.

Losses realized from the disposal or redemption of the Units or liquidation of the Fund are included in the investor’s taxable income and deducted accordingly.

Moreover, corporate investors must include in their business taxable income any gain/loss resulting from the year-end valuation of the Units in compliance with the applicable accounting principles.

### **Exempt Institutional Investors**

Any income from the investment in funds Units is totally exempt from taxation in Italy at the level of Italian UCITS, AIF and Real Estate funds.

For Italian pension funds, income and losses arising from the investment in the Units are exempt from the 26% WHT but must be included in the pension fund's yearly taxable base subject to a 20% taxation.

### ***Inheritance and gift taxes***

Foreign funds Units are subject to the Italian Inheritance and Gift tax.

However, an exemption from the Inheritance tax is provided if the fund invests in Government bonds issued by Italy or other EU/EEA countries or certain Supranational Entities.

In such a case an exemption from Inheritance tax applies in relation to the portion of the overall market value of the Units corresponding to the aforesaid bonds as at the date of the death of the unitholder. The Umbrella Fund uses reasonable efforts to provide the calculation of the percentage of eligible assets held by the Fund for the purposes of the Inheritance tax exemption upon request. The exemption does not apply to Gift tax.

### ***Wealth tax***

If the Units are held under the custody, administration or management of an Italian financial intermediary, this intermediary has to apply the Italian tax ("**Imposta di bollo**") on the value of the assets as resulting from the periodical statements issued to the unitholder or, in the absence of periodical statements, as at the end of the year. The tax is levied at the annual rate of 0.2%, capped at EUR 14,000 for investor other than individuals.

An exemption is provided for several categories of investors (e.g., banks, financial companies, insurance companies, investment and pension funds, investment fund managers).

If the Units are held outside Italy and are not under the administration or management of an Italian financial intermediary, they are subject to the Italian wealth tax on foreign financial investments ("**IVAFE**"). This tax applies only to individuals and non-commercial entities, at the annual rate of 0.2%, capped at EUR 14,000 for non-commercial entities, on the value of the Units as of 31 December of each year (or at the end of the holding period if earlier).

The unitholder has responsibility to levy the tax and report it in its tax return and should consult its tax advisor for further information.

### **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. If the fund reports its Swiss taxable income and NAV to the Swiss Federal Tax Authority's ("SFTA") taxable values list ("**Kursliste**", see below), it is these values that are determinant for Swiss tax purposes for a Swiss resident individual. If a fund does not report these amounts, the competent Cantonal tax authority may dispute the investor's calculations or assess a deemed distribution determined at their discretion.

### *Swiss Income and Wealth Tax Considerations*

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

Swiss resident private investors who are not taxed on a lump-sum basis are liable to income tax on their worldwide income, including net investment income.

The general tax rules for such investors who do not qualify as professional securities dealers ("**gewerbsmässige Wertschriftenhändler**"), hold Units in investment funds for private investment purposes, and are subject to unlimited Swiss tax liability, are described as follows.

In general, Swiss funds are taxed on a transparent basis, i.e., each investor is liable to tax on their proportionate share of the underlying income. Foreign funds are generally also taxed on the same basis. The rules are different for distributing and accumulating funds, as determined by Swiss tax principles.

#### *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). If the fund retains less than 30% of the net investment income, such retained income will also be carried forward for tax purposes. If 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 SFTA, 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 (by using a separate coupon) or if they are clearly indicated on the fund distribution statements and/or in the Swiss taxable values list (see below).

The NAV 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 individual investors will be subject to taxation for their share of the liquidation proceeds received from the fund less the following items: (i) their proportionate share in the paid-up capital of the fund, (ii) capital gains realized by the fund (if clearly indicated on the liquidation statement or reported on the Swiss taxable values list) and (iii) any accumulated income that has already been subject to the Swiss income tax.

### *Taxation of accumulating Unit classes*

Accumulated income resulting from net investment income of the respective Unit classes determined according to the rules set out in the circular letter 25 of the SFTA 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 irrespective of its distribution. Capital gains generated by the Funds are tax exempt for investors provided that they are clearly indicated in the Funds' accounting records and/or in the Swiss taxable values list (see below).

Retained net investment income is generally the income that would be taxable if distributed to a Swiss resident private individual investor, i.e., interest, dividends and other income, minus the fund's interest costs, securities lending costs and other costs. The deductible amount of the other costs, including management fees, is generally capped at 1.5% of the NAV.

The NAV of the investment in the fund, at the end of each fiscal year of the Unitholder, is subject to cantonal and communal tax on wealth.

Liquidation: Swiss individual 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 realized by the fund and (iii) accumulated income that has already been subject to the Swiss income tax.

### *Sale and redemption of Units*

Capital gains on the sale of Units 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 be qualified as having a professional or commercial purpose ("**gewerbsmässiger Wertschriftenhändler**"), any capital gains and losses realized by the fund will be considered as part of ordinary taxable income.

Redemption of Units held for private investment purposes is also not subject to direct federal tax and cantonal/communal taxes

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

Swiss resident individuals holding their Unit as professional/commercial (i.e., business) assets and Swiss resident corporate investors 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 as well as 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.

Certain Swiss resident corporate investors such as 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 is subject to 0.15% 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 acting as an 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 0.30%, but this is reduced to 0.15% if one of the counterparties is an exempt party and is eliminated entirely if both counterparties are exempt. Since the Fund as the issuer of the Units is an exempt counterparty, a Swiss securities dealer would levy Securities Transfer Tax at 0.15% unless the investor can show that it is also exempt. Where applicable the cost of the Securities Transfer Tax, 0.15% of the invested capital, is 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% will be levied (i.e., the full rate) in so far as neither the buyer or the seller is 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 on fund distributions***

A fund established outside of Switzerland should not be subject to Swiss withholding taxes provided that the Units are not issued jointly with a Swiss party.

#### ***Swiss Fund Tax Reporting***

For Swiss tax purposes, the amount of income and capital gains distributed and/or retained by the fund in each year, as well as the NAV of the fund for Swiss tax purposes, can be reported to the SFTA annually. Whilst Swiss-resident funds and foreign funds marketed to Swiss retail investors are required to do such reporting, foreign funds that are not marketed to Swiss retail clients often choose to do so in order to ensure that their Swiss resident investors can benefit from the tax-free distribution of capital gains.

The SFTA publishes this information on the taxable values list ("**Kursliste**"), which amount is generally determinative for Federal, Cantonal and Communal income tax and Cantonal and Communal wealth tax purposes. The Umbrella Fund uses reasonable efforts to publish the taxable values annually on the Kursliste. Swiss resident private investors should therefore verify their taxable amounts against this list before submitting their tax return.

#### **United Kingdom Taxation**

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

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 AIFM intends that the affairs of the Umbrella Fund

are conducted so that these requirements are met, insofar as this is within the AIFM's control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

If any of the Funds were deemed to be carrying on a trade for the purposes of UK taxation, this may have tax consequences for certain UK investors. For such investors, feeder funds may be available through which the relevant strategies can be accessed.

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, or diverted profits tax, 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 AIFM, 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 (see section below regarding The UK Offshore Funds Regime). 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 Umbrella Fund may be liable to transfer taxes on acquisitions and disposals of investments. Stamp Duty Reserve Tax ("**SDRT**") at a rate of 0.5% will be payable by the Fund on the acquisition of stock, shares and certain loan capital issued by a company (a) incorporated in the UK; and (b) not incorporated in the UK that are (i) kept on a register that is maintain in the UK, or (ii) paired with UK securities. Stamp duty may arise at 0.5% (rounded up to the nearest £5) on acquisitions of stock or marketable securities, including certain loan capital, issued by (a) UK incorporated company and (b) non-UK incorporated company where (i) the transfer relates to a matter or thing done or to be done in the UK or (ii) the transfer document is executed in the UK. Where stamp duty is paid, any SDRT which may have also arisen on the agreement to transfer 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, UK Unitholders will be liable to income tax (in the case of individual investors) or corporation tax (in the case of corporate investors) 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 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 UK tax resident non-domiciliaries, an investment in the Umbrella Fund or a gain on disposal may be subject to the remittance basis in particular circumstances.

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 (i.e., 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 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 AIFM intends to manage the affairs of the Umbrella Fund such 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 AIFM 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 United Kingdom 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 3 of the TCGA 1992 ("**section 3**"). Section 3 could be material to any such Unitholder who has an interest in the Umbrella 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 Umbrella Fund is itself controlled in such a manner and by a sufficiently small number of persons as to render the Umbrella 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 3 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 3 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 3 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 3 applies subject to the remittance basis in particular circumstances.

### **Stamp Duty**

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

### **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 AIFM 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 (a) such person is entitled to rely on provisions of a double tax treaty between that country or territory and the US, and (b) 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 Umbrella 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.

### *US Unitholders*

Please note that the Umbrella Fund currently does not anticipate offering Units either directly or indirectly to US investors, unless otherwise permitted by the AIFM in its sole discretion.

### **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 a 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 a Fund or that may be made to a Unitholder on redemption of Units in the Fund.

In order to comply with FATCA, the 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 Fund attributable to such investor's noncompliance under the FATCA Provisions. The Fund may, in its sole discretion, redeem such Unitholder's units. While the 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 Fund may be affected by the presence of such non-complying Unitholders.

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

**PURSUANT TO US TREASURY DEPARTMENT CIRCULAR 230, THE 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.**

**Common Reporting Standards (“CRS”)**

The Organisation for Economic Co-operation and Development has developed a new global standard for the automatic exchange of financial information between tax authorities (the “CRS”). Luxembourg is a signatory jurisdiction to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017. Legislation to implement the CRS in Luxembourg was introduced in December 2015 (as part of the implementation of the Council Directive 2014/107/EU amending the Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation and approval of the multilateral competent authority agreement on automatic exchange of financial account information, signed on 29 October 2014). The requirements will impose obligations on the Fund and Unitholders, as the Fund will be required to conduct due diligence and obtain (among other things) confirmation of the tax residency, tax identification number and CRS classification of Unitholders in order to fulfil its own legal obligations from 1 January 2016. Further, the Unitholders will be required to permit the Issuer to share such information with the relevant taxing authority. A Unitholder that fails to comply with such documentation requests may be charged with any fines and penalties imposed on the AIFM attributable to such investor’s noncompliance under the CRS. The Fund may, in its sole discretion, redeem such Unitholder’s units. While the AIFM will make reasonable efforts to seek documentation from Unitholders to comply with these rules and to allocate any fines and penalties, it is possible that complying Unitholders in the Fund may be affected by the presence of such non-complying Unitholders. The Umbrella Fund will fully comply with CRS regulations.

**Income Equalisation**

The AIFM may determine on behalf of each of the funds of the Umbrella Fund to use an accounting technique known as income equalisation to prevent distortion of current Unitholders’ earnings. This is accomplished by applying a portion of the proceeds from Units issued 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 be protected from the potential distortions caused by issues 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.

**Taxation of Investments Generally**

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 NAV per Unit.

The income and/or gains of the Funds from investments may suffer withholding tax in the countries where such income and/or gains arise. The Funds 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 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 Fund(s), the NAV of the Fund(s) will not be restated and the benefit will be allocated to the existing Unitholders ratably 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 realized capital gains, paid or made payable to them in the year by the Funds, even if such amount is reinvested in additional units. Generally, Unitholders must report in their tax returns any capital gains realized on the disposition of units which may include a switch between Classes of the same Fund, a 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 Umbrella Fund.

The AIFM is entitled, however, to give notice of the Umbrella Fund's dissolution at any time. A notice of such liquidation to the Unitholders shall be published on RESA and two newspapers, including at least one Luxembourg newspaper. 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 AIFM shall realize 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 relevant Unitholders of the Funds in proportion to their respective holdings. Any liquidation proceeds which could not 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 the Fund(s)

In the event of special circumstances beyond its control, such as political, economic, military or other emergencies, or in the event the total net assets of the Fund fall below an amount which the AIFM considers not appropriate to effectively manage the Fund, the AIFM is also empowered to liquidate the Fund at any time. Registered Unitholders shall receive notice of such liquidation by email. Following the decision to liquidate a Fund, the AIFM 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 the AIFM is satisfied that all Unitholders may be treated fairly. The AIFM shall redeem the Units 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.

### Merger between Funds

In the event of special circumstances beyond its control, such as political, economic, military or other emergencies, or in the event the total net assets of a Fund fall below an amount which the AIFM considers not appropriate to effectively manage the Fund, the AIFM may decide that two or more Funds may be merged and the corresponding class of Units converted into Units of the corresponding class of another Fund. The rights of the different Unit classes will in such event be determined in the proportion of the respective NAVs. Notice of such a merger will be given at least one month prior thereto in order to allow investors of the absorbed fund to request redemption of their Units if they do not wish to participate in the fund so established. Such redemption shall be free of any charge. Registered Unitholders shall receive notice of such merger by email.

The AIFM does not intend to merge any Fund with another Luxembourg or foreign investment fund.

## CONFLICT OF INTEREST

The core service providers of the Umbrella Fund, including but not limited to the AIFM, the Investment Manager and their respective individual employees, are or may be involved in other investment and professional activities. These activities may include management of other funds and accounts, purchases and sales of securities, investment and management counselling, and brokerage services, and can from time to time include serving as directors, officers, advisers, or agents of other funds or other companies, including companies in which the Funds may invest. These activities may on occasion cause conflicts of interest with the management of the Funds, and each of the core service providers are to ensure that the performance of their respective duties will not be impaired by any such involvement. Further, the AIFM and/or the Investment Manager and each of the core service providers takes reasonable steps to identify, prevent, manage and monitor conflicts of interest and seek to prevent them from adversely impacting the Funds.

The AIFM, the Investment Manager and their affiliates and their respective individual employees may be involved in advising other investment funds and accounts that have similar or overlapping investment objectives to those of the Funds. The AIFM, the Investment Manager and their affiliates and their respective individual employees may cause these funds and accounts to invest in similar or the same securities as the Funds, but the AIFM or the Investment Manager may from time to time take actions with respect to investments that differ from those taken by the Funds with respect to the same securities due to cash flows, variability in subscriptions and redemptions, or for other reasons. Further, various personnel of the Investment Manager and its affiliates may have differing views on any given investment. As such, regardless of the similarities in strategy employed by the AIFM or the Investment Manager for two different clients, the AIFM or the Investment Manager may take opposite positions with respect to an investment for different accounts (e.g., buy securities on behalf of one account while taking a short position on behalf of another (in each case consistent with the investment objectives of the client, and the investment viewpoints of the relevant fund manager or managers)).

It is not always possible or consistent with the various investment objectives of the various accounts managed by the AIFM or the Investment Manager for the same investment positions to be taken or liquidated at the same time or at the same price. The AIFM or the Investment Manager may, however, aggregate orders when purchasing or selling the same securities for the Funds and other accounts advised by the AIFM or the Investment Manager or their affiliates. In any event, pursuant to the AIFM or the Investment Manager's respective allocation policies and procedures, allocations of purchases and sales will, to the extent possible, generally be made on a pro rata or an otherwise fair and equitable basis among all accounts managed by the AIFM or the Investment Manager and their affiliates. That said, it is not expected that the performance of the Funds will necessarily be identical or even substantially similar to the performance of any similarly managed account.

The Investment Manager may assist the AIFM in the valuation of the Umbrella Fund assets from time to time. There is a possible conflict of interest because the Investment Manager receives a fee which increases as the value of the Fund increases. The AIFM has established a valuation function and as part of its functions, it monitors such conflicts and their management.

Prospective investors and Unitholders should be aware that the AIFM or 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 or provide seed capital to the Funds. In relation to those investments, certain terms of investing in the Funds (e.g., the Minimum Initial Subscription) may be waived for the AIFM, the Investment Manager, their affiliates, their personnel and other Unitholders with investment management or other relationships with the AIFM or the Investment Manager 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 Funds. In addition, Wellington Management, the AIFM, the Investment Manager, their affiliates or their personnel may have access to information about the Funds that is not available to other Unitholders in the Funds, or may have access to information on a more timely basis than other Unitholders. In relation to Wellington Management's seed capital investment in a Fund, Wellington Management may utilise a variety of techniques to hedge investment risks, including strategies designed to hedge Wellington Management's exposure to a specific issuer, instrument or asset held in a Fund. As a result, a Fund's exposure to a specific issuer, instrument or asset may be greater than Wellington Management's exposure. The activity related to hedging seed capital investment risk is performed by a different team to the investment management team managing the Fund's portfolio. When providing seed capital to any of the Funds, either subscribing for such Units where there are net redemptions or redeeming such Units where there are net subscriptions in a Fund, Wellington Management 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 Offering Memorandum.

Further redemptions from the Funds at the initiative of the Investment Manager, the AIFM, their affiliates or their personnel may have an adverse impact on the Funds. The AIFM or the Investment Manager takes reasonable steps to seek to prevent uneven access to portfolio-related information from adversely impacting the portfolios of its clients (including the Funds).

The Funds may be subject to restrictions or limitations in its trading or investment under the Investment Manager's policies and procedures designed to comply with applicable law and its obligations to its clients. The Investment Manager 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 Funds 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 Manager has issued a document titled "Our Business and Practices" which outlines significant policies and practices of the Investment Manager. These documents also identify additional potential conflicts of interest that are associated with the Investment Manager's and its affiliates' business, and explain the various approaches the Investment Manager or the AIFM and their affiliates respectively take to managing those conflicts.

The AIFM has developed appropriate policies and procedures in order to mitigate conflicts of interest while ensuring fair treatment between Unitholders and ensuring that the Umbrella Fund is treated in an equitable

manner which are available upon request.

Unitholders should be aware that management of conflicts of interest can lead to a loss of investment opportunity or to the AIFM having to act differently than the way it would have acted in the absence of the conflicts of interest. This may have a negative impact on the performance of the Umbrella Fund.

## **FAIR AND EQUITABLE TREATMENT OF UNITHOLDERS**

The AIFM shall ensure that its decision-making procedures and its own organisational structure ensure the fair treatment of Unitholders. In addition, the AIFM shall ensure on an on-going basis that all Unitholders will be treated fairly and equitably, and no right will be granted to any Unitholder that is inconsistent with this principle. Unitholders may, however, be treated differently in areas where this does not conflict with the above principle (e.g., with respect to requests for customized reporting and fee arrangements); please also refer to the section “Charges and Expenses” in this respect. Any preferential treatment accorded by the Board of Managers with respect to the Umbrella Fund, to a Unitholder will not result in an overall material disadvantage to other Unitholders.

## INFORMATION TO UNITHOLDERS

The annual audited report prepared in accordance with the AIFMD and Lux GAAP will be published and will be sent to Unitholders and made available to Unitholders at the registered office of the AIFM and Registrar and Transfer Agent within six months of the close of the financial year. The annual report shall include reports on the Umbrella Fund in general and on the Funds, as well as the balance sheet and profit and loss account of the AIFM. The Umbrella Fund's business year starts on 1 October and ends on the last day of September each year.

The annual report will contain:

1. audited financial statements of the Umbrella Fund as well as individual information on each Fund. The audited financial statements include a balance sheet, profit and loss account and the auditor's report;
2. a detailed report of the Umbrella Fund's activity and the management of its assets;
3. any material changes to the information required to be disclosed under the AIFM Law during the accounting year to which the annual report refers; and
4. information regarding the remuneration paid by the AIFM to its employees.

The following information will be disclosed to Unitholders periodically by a separate mailing or in the annual report:

1. the percentage of the Funds' assets that are subject to special arrangements arising from their illiquid nature;
2. any new arrangements for managing the liquidity of the Funds;
3. the current risk profile of the Funds and the risk management systems employed by the AIFM to manage those risks; and
4.
  - a. any changes to the maximum level of leverage that the AIFM may employ on behalf of the Umbrella Fund;
  - b. any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangement; or
  - c. the total amount of leverage employed by the Funds.

Separate accounts are drawn up for each fund if the Umbrella Fund offers multiple funds. Following conversion into the Umbrella Fund's Base Currency, the total of the funds represents the Umbrella Fund's assets.

Other information on the Umbrella Fund or the AIFM, as well as on the NAV, 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 AIFM and of the Registrar and Transfer Agent. Further, information on the latest price of Units can be found at the website set forth in the Fact Sheets, and historical performance of the Funds will be made available in the Fact Sheets. The Fact Sheets will be made available to all Unitholders before they invest in the Funds, and from time to time after an investment is made, through Client Portal and/or by email.

Any information relating to a suspension of the calculation of the NAV as well as of the issue, conversion and redemption of Units shall be sent to Unitholders via email. Any other notice or document shall be sent

to Unitholders via email, or by means of publication on [www.wellingtonfunds.com](http://www.wellingtonfunds.com), to the extent permitted by applicable law. In addition, the AIFM may decide to inform Unitholders by any other means.

Information about the Umbrella Fund and its funds is provided to Unitholders listed on the Umbrella Fund's register. Those who have a beneficial ownership in Units but who are not listed on the Unit register (e.g., those investors purchasing Units through a nominee) may not receive all information disseminated to registered Unitholders.

Information regarding the percentage of the Funds' assets subject to special arrangements arising from their illiquid nature and the leverage employed by the Funds will be disclosed periodically to Unitholders in the Fact Sheets (which are distributed to investors from time to time as set forth herein).

Information regarding any material changes to liquidity management systems and procedures, the activation of any liquidity management mechanisms, changes to the maximum level of leverage which may be employed by the Funds, rights granted to reuse collateral, and guarantees granted under leveraging arrangements will be disclosed without undue delay to Unitholders via Client Portal, and/or by email.

Information regarding the risk profile of the Funds, the Umbrella Fund's risk management systems, the measures used to assess the Funds' sensitivity to relevant risks, risk limits exceeded and/or likely to be exceeded and measures taken to remedy such situations will be disclosed periodically (e.g., at the same time as the annual audited report).

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, (i) it may not always be possible for the investor to exercise certain Unitholder rights directly against the Umbrella Fund and (ii) investors' right to be compensated in case of significant NAV calculation errors and/or other errors at the level of the Fund may be affected. Investors are advised to take advice on their rights.

The information required to be disclosed to Unitholders pursuant to article 21 of the AIFM Law is included in this Offering Memorandum.

## **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 AIFM and the Depositary will be submitted to the jurisdiction of the *Tribunal d'Arrondissement*. English shall be the governing language of this Offering Memorandum and of the Management Regulations.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered offices of the AIFM and the Registrar and Transfer Agent:

1. the Management Regulations;
2. the Articles of Incorporation of the AIFM;
3. the following agreements:
  - the Investment Management Agreement between the AIFM and the Investment Manager;
  - the Distribution Agreement between the AIFM and Wellington Global Administrator, Ltd. as Distributor;
  - the Depositary Agreement between the AIFM and State Street Bank International GmbH, acting through its Luxembourg Branch, as Depositary;
  - the Administration Agency Agreement between the AIFM and State Street Bank International GmbH, acting through its Luxembourg Branch, as UCI Administrator; and
  - the Registrar and Transfer Agency Agreement between the AIFM 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.

## PART B: SPECIFIC FUND INFORMATION

### ANNEX 1: WELLINGTON GLOBAL TOTAL RETURN FUND

The Fund is subject to the disclosure requirements of Article 8 of the SFDR

#### 1. Summary of Offering

The following is a summary of the more detailed information contained elsewhere in this Offering Memorandum and is qualified in its entirety by reference to such information.

The Umbrella Fund	Wellington Management Funds (Luxembourg) II (" <i>Umbrella Fund</i> ") is an open-ended investment fund organized under the Luxembourg law of 13 February 2007 ( <i>2007 Law</i> ) on specialised investment funds, as amended from time to time and qualifies as an alternative investment fund (" <i>AIF</i> ") pursuant to the law of 12 July 2013 on alternative investment fund managers (" <i>AIFM Law</i> ") and the Directive (2011/61/EU) of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1905/2010 (" <i>AIFMD</i> "). The Umbrella Fund is an unincorporated mutual investment fund ( <i>fonds commun de placement</i> ) of the umbrella type.
Investment Objective	The Wellington Global Total Return Fund (" <i>Fund</i> ") seeks absolute returns above a cash benchmark over the medium to long term.
Alternative Investment Fund Manager or AIFM	Wellington Luxembourg S.à r.l., a <i>société à responsabilité limitée</i> organized in 1991 under the laws of the Grand Duchy of Luxembourg, serves as alternative investment fund manager and management company to the Fund.
Investment Manager	Wellington Management Company LLP, a limited liability partnership organized in 2014 under the laws of the State of Delaware, U.S.A., serves as investment manager to the Fund.
The Offering	The Umbrella Fund offers Class S Units, Class D Units, Class N Units, Class STH and Class T Units of the Fund (each a " <i>Class</i> " and together the " <i>Classes</i> "). The Umbrella Fund offers Units of the Fund in the following denomination currencies: US Dollar ( <i>USD</i> ), Great Britain Pound ( <i>GBP</i> ), Canadian Dollars ( <i>CAD</i> ), Swiss Franc ( <i>CHF</i> ), Euro ( <i>EUR</i> ), Japanese Yen ( <i>JPY</i> ), Australian Dollar ( <i>AUD</i> ), New Zealand Dollar ( <i>NZD</i> ), Swedish Kronor ( <i>SEK</i> ), Norwegian Kronor ( <i>NOK</i> ), Singapore Dollar ( <i>SGD</i> ), Chinese Yuan ( <i>RMB</i> ) and Hong Kong Dollar ( <i>HKD</i> ). Unit Classes may be offered as hedged ( <i>Hedged Unit Class</i> ) or unhedged. In addition, the Fund offers certain Unit Classes that are eligible for distributions as determined by the AIFM ( <i>Distributing Unit Classes</i> ); all other Unit Classes accumulate income and make no current distributions ( <i>Accumulating Unit Classes</i> ).

Base Currency	US Dollar.
Business Day	<p>The Fund will operate on any day that US Federal banks and the New York Stock Exchange are open for business except for:</p> <ul style="list-style-type: none"> <li>a) Easter Monday</li> <li>b) 1<sup>st</sup> May</li> <li>c) the weekday prior to and following Christmas Day as observed by the New York Stock Exchange</li> <li>d) such other days as the AIFM may from time to time determine.</li> </ul>
Valuation Day	The Fund will be valued as of the close of business on the relevant Business Day, usually at the close of business on the New York Stock Exchange.
Dealing / Non-Dealing Day	<p>Dealing Day means a Business Day, when the Fund will publish a valuation and Units will normally be issued or redeemed by the Fund.</p> <p>Notwithstanding this, the AIFM may decide that some Business Days will be Non-Dealing Days for the Fund as a result of prevailing market conditions or other relevant factors applicable to a portion of the Fund's assets, including public holidays, market/stock exchange closures or trading restrictions.</p> <p>A list of the Non-Dealing Days (the "<b>Holiday Calendar</b>") is set out in the Investor Notices and Policies section at <a href="http://www.wellington.com">www.wellington.com</a>. Please note that the Holiday Calendar will be kept up to date and may change from time to time.</p> <p>In the event that an unexpected Non-Dealing Day is called for the Fund in the circumstances described above (including any period immediately preceding or following any such event, as necessary from an operational perspective), the Holiday Calendar will be updated as soon as reasonably practicable on an ad-hoc basis and specific communication will be made in advance, where possible, to affected Unitholders via email.</p>
Dealing Deadlines	Subscription, redemption or conversion orders must be received by 3:00 p.m. Luxembourg time on the relevant Dealing Day (the " <b>Dealing Deadline</b> "). All transaction requests will be executed at the NAV (subject to the adjustments discussed below) of the relevant Unit Class calculated on the Dealing Day, provided that the transaction request is received in good order.
Payment Deadlines	Payment is due no later than the second Business Day (T+2) following the Dealing Day on which the Units were purchased or such other times as will be established by the AIFM from time to time (the " <b>Payment Deadline</b> "). For payment of redemption proceeds it means a date usually within two Business Days (T+2) of the processing of the redemption request.

EU Taxonomy	means Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment.
PAI	means the Principal Adverse Impacts listed in Annex I Table I of the Level II SFDR Regulatory Technical Standards.
NAV	means in respect of the assets of a Fund or Unit Class, the amount determined in accordance with the provisions set out in the section entitled the NAV.
Sustainability Factors	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
Risk Factors	Investment in the Fund involves a certain degree of risk. See the risk section of this Offering Memorandum for a summary of certain risks that should be evaluated before making an investment in the Fund.
Investment Management Fee	Class S, Class D and Class N Units are subject to an annual Investment Management Fee equal to 0.30%. Class STH Units, which are reserved exclusively for a single Japanese financial institution client of the Investment Manager, are subject to an annual Investment Management Fee equal to 0.20%.
Performance Fee	Class S, Class D, Class N and Class STH Units are subject to a Performance Fee equal to 20% of the Fund's annual performance in excess of the ICE Bank of America 3-Month T-Bill Index.
Distribution Fee	Class D Units are subject to a Distribution Fee at an annual rate of 0.50% of Class D net assets.
Information to Unitholders	The annual audited report will be available to Unitholders at the registered office of the Umbrella Fund and of the Registrar and Transfer Agent within six months of the close of the financial year. Other information on the Umbrella Fund or the AIFM as well as on the NAV, and the issue, conversion and redemption prices of Units, may be obtained on any Luxembourg bank working day at the registered office of the AIFM and of the Registrar and Transfer Agent. Further, information on the latest price of Units can be found at the website set forth in the Fund-specific informational documents which are regularly updated (the " <i>Fact Sheets</i> "), and historical performance of the Fund will also be made available in these Fact Sheets. The Fact Sheets will be made available to all Unitholders before they invest in the Fund, and from time to time after an investment is made, through the Investment Manager's reporting website Client Portal (" <i>Client Portal</i> ") and/or by email. Please also refer to "Information to Unitholders" of this Offering Memorandum. Information about the Umbrella Fund and its funds is provided to Unitholders listed on the Umbrella Fund's register.
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.

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.

## 2. Investment Objective and Policies

### Investment Objective

The Fund seeks absolute returns above a cash benchmark over the medium to long term.

### Investment Policies

The Investment Manager will actively manage the Fund, seeking to achieve the objective by allocating its assets across multiple fixed income alpha sources, which currently include fundamentally-based macro, model-based quantitative, bottom-up credit, dedicated currency, and opportunistic emerging markets. Alpha sources may be added or eliminated by the Investment Manager in the future without advance Unitholder notice or approval.

The ICE Bank of America 3-Month T-Bill Index (the “**Index**”) will serve as the cash benchmark. The Index consists of short-term U.S. Government securities with a remaining term to final maturity of less than three months.

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 trust (REIT) debt; credit-linked, index-linked, 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. The Fund also may hold cash and cash equivalents in multiple currencies without restriction. Repurchase, reverse repurchase, and dollar roll transactions are permitted. The Fund also may hold private placements, including those issued pursuant to Rule 144A and/or Regulation S of the US Securities Act of 1933 (“*Securities Act*”), and other restricted securities the liquidity of which is deemed appropriate by the Manager.

### *Sustainability Risk consideration*

The Sustainability Risks that are most frequently relevant to the investment process of this Fund include:

#### **Environmental**

- a. Transition Risks from Climate Change
  - (i) Implied Temperature Risk (ITR)
  - (ii) Greenhouse gas emissions (WACI)

## **Social**

- a. Internal Social Factors
  - (i) Child & Forced Labour
  - (ii) Human Rights
- b. External Social Factors
  - (i) Social Controversy

## **Governance**

- a. Corporate management practices
  - (i) Inadequate external or internal audit

Further details on Sustainability Risk and their potential impacts are included under **Sustainability Risks** within the section of the Prospectus entitled **Risk Factors**.

Pre-contractual disclosure information relating to the environmental, social and governance ("ESG") characteristics, or objectives, of the Fund is provided at the end of this Annex 1 in accordance with the SFDR.

Aside from as set forth herein, equities and warrants will not be purchased directly and the Fund will only hold these securities if received as part of a restructuring or as the result of a conversion of a hybrid security.

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; "to-be announced" (TBA) securities; and other derivative instruments, and may hold outright short positions in these instruments for hedging purposes and otherwise in pursuit of the Fund's investment objective. No more than 10% of the Fund's NAV will be invested in collective investment schemes which invest in the types of securities listed above and which constitute an eligible investment for the Fund.

The Fund must comply with rules and restrictions broadly applicable to Luxembourg specialised investment funds. As such, the Fund may not in principle invest more than 30% of its assets or of its commitments to subscribe in securities of the same kind issued by the same issuer (this restriction does not apply to (i) investments in securities issued or guaranteed by a member state of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature, (ii) investments in target funds which are subject to risk diversification requirements at least similar to those provided for in relation to the Fund). For the application of this restriction, each sub-fund of a target fund with an umbrella structure is to be considered as a separate issuer, provided that sub-fund commitments to third parties are segregated. Further, short sales may not in principle have as a result that the Fund holds a short position in securities of the same kind issued by the same issuer which represent more than 30% of its assets. Finally, when using derivative instruments, the Fund must ensure risk diversification comparable to the above by means of an appropriate diversification of the underlying assets. For this purpose, the counterparty risk in relation to OTC derivatives must be limited according to the quality and the qualification of the counterparty.

## **Changes to Investment Objectives and Investment Policies**

The Investment Objective and Investment Policy of the Fund are determined by the Board of Managers of the AIFM, in consultation with the Investment Manager, and are disclosed in this Offering Memorandum. The Board of Managers of the AIFM must approve any changes to this Offering Memorandum, including any changes to the Investment Objective, Investment Policy and Investment Restrictions as set out in this Offering Memorandum. Furthermore, any changes to this Offering Memorandum require CSSF approval and the CSSF may direct that at least a one month notice period be given to all Unitholders in order to allow Unitholders to redeem from the Fund or, whenever possible, to convert their Units in Units of the same or another Class in a different Fund, without penalty prior to a proposed change taking effect, if it considers the change to have a potentially material impact on Unitholders. The Offering Memorandum will be updated to reflect the modifications decided by the Board of Managers of the AIFM.

## **Use of Leverage**

Within the meaning of the AIFMD, "*leverage*" is any method by which the AIFM (or the Investment Manager on its behalf) increases the exposure of the Fund through borrowing of cash or transferable securities, or leverage embedded in derivative positions or by any other means.

The Fund may employ leverage in circumstances where the Investment Manager deems it appropriate to do so in order to implement the investment approach and to achieve the investment objective.

The Fund will only borrow cash from the Depositary from time to time on a temporary basis, such as to satisfy securities settlement or unitholder redemption requests, and up to a maximum of 10% of the Fund's NAV. The Fund is not permitted to borrow for investment purposes. The Fund is not permitted to engage in short sales of individual securities, for the avoidance of doubt; this restriction does not apply to derivatives or to certain transactions structured by the Investment Manager to provide a similar exposure to that obtained through derivatives (for example, combining a sell transaction with a reverse repurchase (buy-sell back) transaction to simulate a forward contract on a debt security).

The Fund may incur leverage by borrowing as described above, and/or through the use of derivatives, repurchase transactions, and other non-fully funded instruments. In each case, leverage may be obtained on an unsecured or secured, or an uncollateralised or collateralised, basis. Leverage obtained through borrowing is obtained from the relevant lender (and may be limited if the relevant lender is unwilling or unable to lend). Leverage obtained through the use of derivatives and other non-fully funded instruments is obtained from the relevant counterparty (and may be limited if a counterparty is unwilling to accept the terms of a proposed investment).

The leverage of the Fund is managed and monitored by the AIFM on a frequent basis. It is expected that the Fund's leverage will not exceed 10000% of the NAV of the Fund, calculated using the gross method. The gross leverage figure is calculated as the sum of the absolute value of all positions of the Fund in accordance with the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision ("*AIFMR*"). This calculation includes the underlying investments

of the Fund which make up to 100% of total net assets and the notional exposure associated with derivatives.

In particular, the above figure also includes Unit Class related hedging, which is comprised of 100% for the hedging itself and 200% to allow for derivative roll overs involving positions being closed out against equal and opposite trades.

Where derivatives are used for hedging or netting purposes or are themselves hedged against equal and opposite trades, the sum of the absolute value of all positions may not reflect the true economic risk of the Fund. If the expected level of leverage were calculated on this basis (i.e. the commitment method) in accordance with AIFMR, the level of leverage would be expected to be lower and generally around 8000% of the NAV of the Fund.

### **Investment Restrictions**

Net exposure to any single issuer will not exceed 10% of Fund assets at the time of purchase. Net long credit exposures to individual issuers, when aggregated, should not exceed 200% of Fund assets. Net short credit exposures to individual issuers, when aggregated, should not exceed 200% of Fund assets. These restrictions do not apply to securities issued or guaranteed by member countries of the OECD and/or securities issued or guaranteed by countries rated Aa by Moody's, AA by Standard & Poor's, or AA by Fitch; by their agencies, government-sponsored corporations, or subdivisions thereof; or by supranational community, regional, or world institutions and organizations.

Net credit exposure to corporate debt will not represent more than 60% of Fund assets at the time of purchase. Net exposure to securities backed by mortgages will not represent more than 80% of Fund assets at the time of purchase.

Holdings of cash or cash equivalents are not subject to the net exposure restrictions above.

Fund investments will represent a broad credit spectrum, including issues rated below investment-grade. There is no minimum credit rating for individual securities or currencies.

Net credit exposure to securities in the range of Baa by Moody's, BBB by S&P, or BBB by 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 organizations. Net credit exposure to securities rated below investment-grade will not represent more than 30% 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").

Credit ratings for issues will be the highest of Moody's, S&P's, or Fitch's long-term ratings. If an issue is unrated, then an equivalent credit rating, as deemed by the Investment Manager, may be used.

The Fund will be denominated in the Base Currency. 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.

Net exposure to any single currency will not represent more than Index  $\pm 40\%$  of Fund assets at the time of purchase. Net exposure to any single currency rated below investment-grade will not represent more than Index  $\pm 25\%$  of Fund assets at the time of purchase.

Net long exposures to individual currencies, when aggregated, should not exceed Index  $+200\%$  of Fund assets.

Interest rate anticipation at the Fund level will not be a major component of the investment process. Total Fund duration will be limited to Index  $\pm 6$  years under normal circumstances. There are no limits on the duration of individual holdings, and certain defensive investment strategies may result in negative duration positions at the individual security, country and overall Fund levels.

### **Efficient Portfolio Management Techniques**

The Umbrella Fund is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and reuse and amending Regulation (EU) No 648/2012, 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 Fund may use consists of repurchase transactions. The Fund may use repurchase transactions and total return swaps for efficient portfolio management purposes and/or investment purposes, in accordance with the Fund’s investment objective and policy.

Any assets of the Fund may be the subject of repurchase transactions and total return swaps. The maximum and expected proportion of the Fund’s assets which may be subject to repurchase transactions and total return swaps, expressed as a percentage of the NAV, is set out in the table below:

<b>Type of transaction</b>	<b>Expected</b>	<b>Maximum</b>	<b>On a temporary basis / continuous basis</b>
Repurchase transactions	600%	1000%	Continuous
Total return swaps	0%	30%	Temporary

The expected level of usage of repurchase transactions and total return swaps reflects anticipated use under normal circumstances. The Investment Manager will typically use (i) repurchase transactions, in combination with a buy or sell transaction, to simulate a forward contract on a debt security, and (ii) total return swaps where it considers such transactions to be the most efficient way to gain the required exposure at the time of investment. As such, there is no restriction on the frequency under which the Fund will enter into such transactions.

The proportions set out in the table above may be amended by the AIFM from time to time. In such case, this Offering Memorandum will be updated.

The AIFM 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 Luxembourg regulatory authority

as equivalent to those laid down in EU law, or an investment firm, authorised in accordance with the MiFID II in an EEA Member State, or an entity subject to regulation as a Consolidated Supervised Entity (“CSE”) by the US Securities and Exchange Commission.

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: includes cash, short term bank certificates and money market instruments. 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 European Union, regional or world-wide scope.
- (c) Shares or units issued by money market funds calculating a daily NAV and assigned a rating of AAA or its equivalent.
- (d) Shares or units issued by funds authorized under the UCITS Directive (Directive 2009/65/EC) 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 type of acceptable collateral received on SFTs will be subject to the following additional restrictions:

- (a) The residual maturity will be limited to 10 years except if it is a perpetual bond issued by a sovereign with at least an investment grade rating;
- (b) If the collateral is rated below investment grade, an additional collateral haircut will be considered to account for collateral concentration and collateral will be sufficiently diversified to ensure a sufficient recovery rate in case of default of the counterparties. Collateral with a low probability of default i.e. in the A-rating band will be subject to lower haircuts for issuer concentration;
- (c) Collateral should be issued by an entity that is independent from the counterparty;
- (d) The collateral selected should be easy to value based on publicly quoted market price.

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. The Fund does 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.

Collateral posted in favour of the Fund under a title transfer arrangement should be held by the Depository or one of its correspondents or sub-custodians. Collateral posted in favour of the 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.

The section of this Offering Memorandum entitled **Collateral Management and Reuse** sets out circumstances where the Fund can reuse collateral.

The section of this Offering Memorandum entitled **Risk Factor** provides a description of the risks associated with the use of SFTs and total return swaps and other derivatives.

Direct and indirect operational costs and fees incurred in the use of SFTs may be deducted from the revenue delivered to the 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 Manager does 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 Fund.

With regards to total return swaps and repurchase transactions, 100% of the revenues (or losses) generated by their execution are allocated to the Fund. The Investment Manager does not charge any additional costs or fees or receive any additional revenues in connection with the execution of these transactions. Whilst additional costs may be inherent in certain of these transactions, these are imposed by the relevant counterparty based on market pricing, form part of the revenues or losses generated by the relevant transaction, and are allocated 100% to the Fund. Details on the net returns and costs of total return swaps and repurchase transactions as of the Umbrella Fund's fiscal year end are published in the Umbrella Fund's annual report. Any transaction costs for these investments imposed by the relevant counterparty are not separately identifiable and are included in the purchase and sales price.

### **Benchmark Regulation**

The Benchmark Regulation<sup>1</sup> entered into force in June 2016 and is fully applicable in the EU since 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. The Benchmark Regulation, 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 AIFM 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 AIFM at its registered address.

<sup>1</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

The AIFM is required under the Benchmark Regulation to use only in-scope benchmarks which are provided or endorsed by authorised benchmark administrators that are or will be present in the register of administrators maintained by the European Securities and Markets Authority, pursuant to Article 36 of the Benchmark Regulation.

### 3. Issue of Units

The AIFM is entitled to issue in multiple Classes of Units.

The Fund may issue Unit Classes denominated in the Base Currency, or denominated in Swiss Franc, Euro, Norwegian Kronor, Japanese Yen, Singapore Dollar, Swedish Kronor, New Zealand Dollar, Australian Dollar, Great Britain Pound, Canadian Dollar or Hong Kong Dollar. Unit Classes may be offered as hedged or unhedged. In addition, the Fund offers certain Unit Classes that are eligible for distributions of investment income as determined by the AIFM (“**Distributing Unit Classes**”); all other Unit Classes accumulate income and make no current distributions (“**Accumulating Unit Classes**”). Classes of Units are available in a continuous offering at NAV. The following table provides details on the Fund’s minimum initial subscription and minimum holding and minimum subsequent subscription for the Fund’s Unit Classes:

Unit Class	Terms	USD or the equivalent amount in any other currency
Class S / T	Minimum Initial Subscription / Minimum Holding	5 mil
	Minimum Subsequent Subscription	1,000
Class D / N	Minimum Initial Subscription / Minimum Holding	250,000
	Minimum Subsequent Subscription	1,000
Class STH	Minimum Initial Subscription / Minimum Holding	JPY 500 mil
	Minimum Subsequent Subscription	JPY 100,000

In each case, the minimum amounts may be waived by the AIFM.

All classes of Units are reserved for Well-Informed Investors and qualify for the lower *taxe d’abonnement* rate of 0.01%.

Class S Units are reserved for Institutional Investors (as defined in Part A: “General Umbrella Fund Information”) only.

Class D Units are offered to eligible financial intermediaries acting on behalf of underlying beneficial holders who are Well-Informed Investors. Class D Units are subject to a Distribution Fee at an annual rate of 0.50%.

Class N Units are offered to eligible financial intermediaries acting on behalf of underlying beneficial holders who are Well-Informed Investors. Class N Units are reserved for eligible financial intermediaries 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 that 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 Class S Units.

Class STH Units are a dedicated Unit Class reserved for a single Japanese financial institution client of the Investment Manager.

Class T Units are reserved for Institutional Investors that have an existing investment management or other relationship with the Investment Manager or one of its affiliates. 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.

#### 4. Distribution Policy

The Fund offers Distributing Unit Classes as set out in the table below.

Distribution Type	Distribution Frequency
1 - Net Distribution	M – Monthly Q – Quarterly

For further information please consult the **Distribution Policy** section of the Offering Memorandum.

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.

The AIFM may determine on behalf of the Fund to use an accounting technique known as income equalisation to prevent distortion of current Unitholders' earnings. Further information is available in the **Taxation** section.

#### 5. Charges of the Fund

##### Investment Management Fee

The Investment Manager shall be paid an Investment Management Fee by the AIFM, out of the assets of the relevant Class. The Investment Management Fee is calculated as a percentage of the daily net assets attributable to the relevant Class, accrued daily in the NAV of the Class and paid monthly in arrears at the following annual rates:

0.30% Class S, D and N Units

0.20% Class STH Units, which are reserved for a single Japanese financial institution client of the Investment Manager.

The Investment Management Fee in respect of the Class T Units is agreed and paid separately by the Unitholders in that Class.

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 for their underlying clients in accordance with and to the extent permitted by applicable laws. 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, and to the extent permitted by all applicable laws, the Investment Manager and the AIFM may negotiate alternative fee arrangements, including rebates on investment management fees, or modify existing fee arrangements for any single Unitholder or financial intermediary, provided that the objective of such arrangements is to improve the quality of the services provided to the Fund and that it does not prevent the Investment Manager or the AIFM from acting in the best interests of the Fund or the Unitholders. For example certain investors (such as personnel of the AIFM or of the Wellington Management group or any other investor of the Umbrella Fund from time to time as agreed with the Investment Manager or AIFM) may be offered a loss carry forward. This may include variations in certain aspects of any Performance Fee; for example certain investors may be offered a loss carry forward or different performance measurement periods. Ultimately, this may result in some investors paying lower investment management, or Performance Fees than other investors; in all cases the alternative fee arrangements will be effected via a fee rebate letter from the Investment Manager. Information on the essential terms of such arrangements may be obtained upon request to the Investment Manager or the AIFM.

### **Performance Fee**

In addition to the base Investment Management Fee, the Investment Manager may also be paid a Performance Fee in respect of the Class S, Class D, Class N and Class STH Units. The Performance Fee will be an amount equal to 20% of the Fund's annual performance in excess of the ICE Bank of America 3-Month T-Bill Index ("*Performance Benchmark*") expressed in the denomination of the currency of the relevant Unit Class, or with respect to any hedged Units only, hedged to the denomination currency of the relevant Unit Class.

The performance fee will be based on the unswung Unit Class' net return or NAV per Unit but inclusive of any performance fee previously accrued in respect of such Performance Period.

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

The period at the end of which the accrued performance fee is crystallised and paid (the "*Performance Period*") is generally the Umbrella Fund's fiscal year (1 October – 30 September), but may also a) begin mid-year in certain circumstances from the launch of a Fund or Unit Class, and b) end mid-year from the previous Performance Period end to the closure of a Fund or Unit Class. In cases of a launch of a Fund or a Unit Class in the ongoing Performance Period the performance fee will crystallise at the end of the current Performance Period. When this occurs, the Performance Period may be less than one calendar year.

Subject to the exceptions above, the performance fee is crystallised at the end of the Performance Period and is paid annually in arrears as soon as practicable after the end of the relevant Performance Period. The end of the Performance Period is generally the Fund's fiscal year end, except where a Fund or Unit Class closes mid-year as described above. As well as crystallising at the end of each Performance Period, performance fees are crystallized on any Dealing Day (other than the last Business Day of the Performance Period) in which there is a net reduction in the number of Units in a Unit Class. Any accrued performance

fee with respect to such net redemption of Units will crystallise on that Dealing Day and will be paid as soon as is practicable to the Investment Manager.

The performance fee will be accrued on the basis of a Unit Class' net return per Unit in excess of the Performance Benchmark and the NAV in excess of the HWM, over a Performance Period, multiplied by the average number of Units in issue for the fiscal year calculated on each Business Day. The average number of Units used for the performance fee calculation is calculated on each Business Day and adjusted on any Dealing Day in which there is a net reduction of Units in a Unit class. 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. 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 (i) the net return per Unit on the last valuation day of a Performance Period is higher than the Performance Benchmark over the same period and (ii) the NAV per Unit is higher than the previous HWM, then the **performance fee will crystallise**. If the NAV per Unit on the last Business Day of a Performance Period is higher than the previous HWM, the HWM is set to the unswung NAV calculated at the **end of the Performance Period**. To the extent that a Unit Class' net return per Unit did not exceed its Performance Benchmark and the NAV per Unit did not exceed the HWM 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 and the NAV per Unit exceeds the HWM over the same period. When this occurs, the Performance Period will extend beyond one year and continue until the next Performance Period when a performance fee does crystallise. The HWM and Performance Benchmark will be adjusted for any distributions in the case of a Distributing Unit Class.

For Units existing prior to the introduction of the High Water Mark, the initial High Water Mark will be the NAV per Unit as at the last valuation day of the Fund's fiscal year end 2016.

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' NAV 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 Depositary on a periodic basis.

Performance Fees are payable even where the relevant High Water Mark is surpassed, which may be achieved due to market movements.

#### *Worked Examples of Performance Fee Calculations*

The following table details examples of the performance fee experience in Unit Classes that levy a performance fee, with calculation scenarios provided for the Performance Benchmark with a High Water Mark performance fee type. The table details examples of performance fee outcomes that can arise when

there is a positive or negative unit class performance.

Table : Performance Benchmark with a High Water Mark

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>NAV per Unit at the Beginning of the Fiscal Year</b>	100	107	105	110	118
<b>NAV per Unit at the End of The Fiscal Year</b>	107	105	110	118	116
<b>Fund Performance</b>	7%	-2%	5%	7%	-2%
<b>High Water Mark</b>	100 <sup>[1]</sup>	107 <sup>[2]</sup>	107	107	118
<b>Benchmark Performance</b>	3%	-3%	9%	2%	4%
<b>Benchmark Performance Adjusted High Water Mark</b>	103	104 <sup>[3]</sup>	113	116	123
<b>Maximum of the High Water Mark and the Benchmark Adjusted High Water Mark</b>	103	107	113	116	123
<b>Relative Performance per Unit<sup>[4]</sup></b>	4 x	-2 x	-3 x	2 x	-7 x
<b>Average Number of Unit in Issue<sup>[5]</sup></b>	1.000 x	1.000 x	800 x	800 x	1.000 x
<b>Performance Fee Rate</b>	20% =	20% =	20% =	20% =	20% =
<b>Performance Fee Due</b>	800	None	None	320	None
<b>Appreciation in value / payment of performance fees</b>	<b>YES</b>	<b>NO</b>	<b>NO</b>	<b>YES</b>	<b>NO</b>

[1] During the first performance period, the applicable High Water Mark is the subscription price at the time of issue of that unit class.

[2] After the 1st performance period the applicable High Water Mark is the highest NAV recorded at the time the performance fee was last crystallized.

[3] If the Fund was in performance in the prior year the applicable Benchmark Performance High Water Mark is the High Water Mark plus the current year Benchmark Performance; otherwise, it is the prior year Benchmark Performance Adjusted High Water Mark plus the current year Benchmark Performance.

[4] Relative Performance is the difference between the NAV per Unit at the End of the Fiscal Year and the Max of the High Water Mark and the Benchmark Performance Adjusted High Water Mark.

[5] The average number of units in issue is reset annually.

### Distribution Fee

Unit holders in the Class D Units will be paid a Distribution Fee at an annual rate of 0.50% out of Class D net assets.

The Distribution Fee is calculated as a percentage of the daily net assets attributable to the Class D Units held by the relevant Unitholder, accrued daily in the NAV of the Class D Units and paid quarterly in arrears.

The Distribution Fee is paid to intermediaries holding the Class D Units to compensate them for distribution and Unitholder services provided to underlying beneficial owners of the 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 Class within a Fund, that has a higher distribution fee.

### **Third Party Fees**

Unitholders should note that although there is no transaction fee charged by the Umbrella Fund, the AIFM or its affiliates, Unitholders may be charged a transaction fee by their financial adviser or the intermediary through which they hold Units. Where investors are subscribing in Class D Units through a financial intermediary, a preliminary charge of up to 5% of the amount of the investment in the Fund may be payable to the intermediary. Unitholders should consult their financial adviser or the intermediary about any such fees.

## **6. Taxation**

### **German Taxation**

Under the German Investment Tax Act, the Fund is classified as a 'debt' fund.

Further information on German Taxation can be found in the Offering Memorandum in the section entitled **German Taxation**.

## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:**  
Wellington Global Total Return Fund

**Legal entity identifier:**  
ZMMTKV5LOQGW1P6GK81

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : __%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The Fund invests a portion of its assets in securities that meet one or more of the following environmental or social characteristics.

1. Issuers are screened to enable the Fund to limit its exposure to sovereign issuers whose fossil fuels exports represent a significant portion of their total exports to 1.5% of the Fund's NAV.

2. Issuers with an E or S Rating to enable the Fund to invest in corporate issuers which are not severely lagging relative to their peers, from an environmental or social perspective. In order to do this, the Investment manager assigns corporate issuers an individual E and S Rating, based on Wellington Management's proprietary ratings framework, using a rating scale of 1-5, where 1 is the highest rating. A rating of 1 is the most positive rating, indicating that the issuer is a leader among its peers in managing material environmental or social risks or incorporating environmental or social factors into its practices. A rating of 5 is the most negative, indicating that the issuer may be lagging its peers in managing certain material environmental or social risks or incorporating environmental or social factors into its practices. E Ratings use environmental indicators (such as energy efficiency, carbon emissions and pollutants, sustainable packaging and hazardous waste), and S Ratings use social indicators (such as corruption and bribery, labour relations, product safety and supply chain management) in the assessment of the environmental and social activities and attributes of corporate issuers. Where corporate issuers have received an E and a S Rating, the Fund will only invest in those corporate issuers that are rated 1-4, without preference for a specific rating.

A reference benchmark has not been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The percentage of the Fund's NAV invested in sovereign issuers where fossil fuels make up more than 67% of their exports. Since this percentage is limited to 1.5% of the Fund's NAV, this percentage should be 1.5% or less.

The number of corporate issuers held with an E Rating or S Rating of 5. Since the Fund seeks to exclude such issuers, this number should be 0.

*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

Not applicable. The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR.

*How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable. The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR.

*- How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable. The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR.

*- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable. The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

By virtue of the Fund's existing investment guidelines, the Fund takes certain, but not all, of the Principal Adverse Impacts listed in Annex I Table I of the Level II SFDR Regulatory Technical Standards ("PAIs") into consideration either directly or indirectly on all or a portion of the Fund:

1. The Fund does not invest in companies which produce controversial weapons in accordance with the Exclusion Policy - PAI: Exposure to controversial weapons.
2. The Fund does not invest in companies principally involved in the extraction of thermal coal, the production of thermal coal energy and the extraction of oil sands in accordance with the Exclusion Policy - PAIs: Exposure to companies active in the fossil fuel sector; Share of non-renewable energy consumption and production.

While these restrictions consider certain of the PAIs, such consideration does not necessarily eliminate the Fund's exposure to such PAIs altogether. In addition, the extent to which these restrictions impact the investment process may be limited where such investments are outside of the scope of the investment objective of the Fund. The Fund further commits to report on these Principal Adverse Impacts periodically with such report to be included in the annual report of the Fund. For more information please see [www.wellingtonfunds.com/sfdr](http://www.wellingtonfunds.com/sfdr).



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment strategy used to attain the environmental and social characteristics promoted by the Fund is described below.

The Investment Manager restricts its investment in sovereign issuers where fossil fuels make up more than two-thirds (67%) of exports to 1.5% of the Fund's NAV.

The Investment Manager seeks to invest in corporate issuers which are not severely lagging relative to their peers, from an environmental or social perspective. In order to do this, the Investment manager assigns corporate issuers an individual E and S Rating, based on Wellington Management's proprietary ratings framework, using a rating scale of 1-5, where 1 is the highest rating. A rating of 1 is the most positive rating, indicating that the issuer is a leader among its peers in managing material environmental or social risks or incorporating environmental or social factors into its practices. A rating of 5 is the most negative, indicating that the issuer may be lagging its peers in managing certain material environmental or social risks or incorporating environmental or social factors into its practices. E Ratings use environmental indicators (such as energy efficiency, carbon emissions and pollutants, sustainable packaging and hazardous waste), and S Ratings use social indicators (such as corruption and bribery, labour relations, product safety and supply chain management) in the assessment of the environmental and social activities and attributes of corporate issuers. Where corporate issuers have received a E and S Rating, the Fund will only invest in those corporate issuers that are rated 1-4, without preference for a specific rating.

The Fund applies the Exclusion Policy which sets out issuers which are excluded where they have been identified using a combination of third party and/or internal analysis as having a predefined level of involvement in the following areas:

1. Production of controversial weapons, including cluster munitions, landmines, biological/ chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments;
2. Production of nuclear weapons;
3. Production, distribution, retail or supply of tobacco related products;
4. Thermal coal extraction or thermal coal-based power generation; and
5. Production and generation of oil sands (also known as tar sands).

Further details about how exclusions are researched and implemented by Wellington Management, including the full detail of the thresholds for involvement, may be found in the section of the Prospectus titled "Exclusions".

### *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The Fund restricts investment in sovereign issuers where fossil fuels make up more than 67% of their exports to a maximum of 1.5% of the Fund's NAV.

Where corporate issuers have received a E or S Rating, the Fund will only invest in those corporate issuers that are rated 1-4, using a rating scale of 1-5, where 1 is the highest rating and 5 the most negative one as explained above.

### *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

Not applicable. The Fund does not currently commit to reduce the scope of investments by a minimum rate.

### *What is the policy to assess good governance practices of the investee companies?*

Good governance practices of investee companies are assessed by the Investment Manager with regards to a variety of factors including, where materially relevant, management structures and decision-making, accountability to shareholders, compensation structures, corporate culture, compliance with applicable law and the absence of negative events which are likely to have a material adverse impact on the financial returns of the company. In assessing good governance, the Investment Manager considers its proprietary G ratings where available in accordance with its Good Governance Assessment Policy. These ratings rely on a combination of internal and/or external data inputs.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



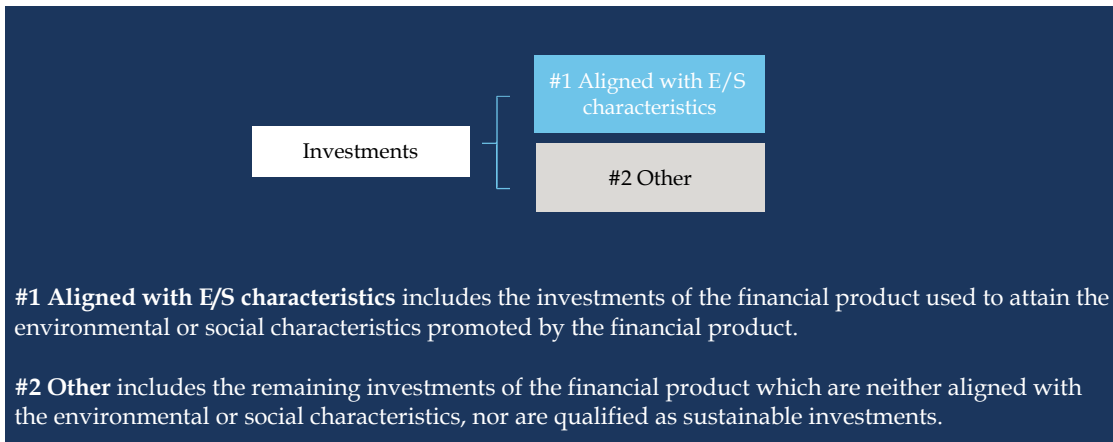
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

A minimum of 51% of the Fund's net assets will be aligned to the E/S characteristics of the Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

*How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. Derivatives are not used by the Fund for the purpose of attaining the environmental and/ or social characteristics promoted by the Fund.



*To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?*

The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR, accordingly the minimum share of EU Taxonomy-aligned investments is 0%.

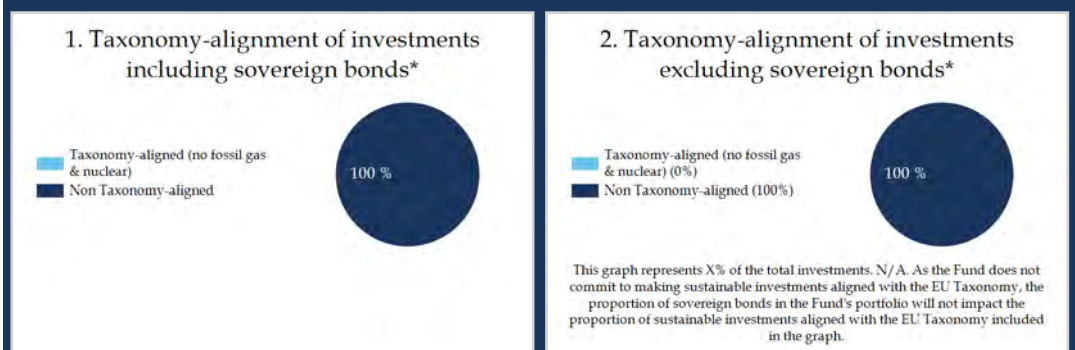
*Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?*

- Yes
- In fossil gas       In nuclear energy
- No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in dark blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

*What is the minimum share of investments in transitional and enabling activities?*

The Fund does not currently commit to invest in any Sustainable Investments within the meaning of the SFDR, accordingly the minimum share of investments in transitional and enabling activities is 0%.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund does not commit to make any Sustainable Investments within the meaning of the SFDR.



**What is the minimum share of socially sustainable investments?**

Not applicable. The Fund does not commit to make any Sustainable Investments within the meaning of the SFDR.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments under ‘#2 Other’ may include cash and cash equivalents for liquidity purposes, derivatives for hedging and investment purposes or investments in securities which may create exposure to multiple underlying issuers such as collective investment schemes or index positions. It may also include any securities where data to measure the environmental and/or social characteristics is not available, is not used to meet the environmental or social characteristics, or does not meet the environmental or social characteristics promoted by the Fund. Except with regards to the Exclusions Policy, these do not have any minimum environmental or social safeguards. However, some minimum safeguards may still be considered to apply to the extent such holdings are aligned with one or more but not all of the Fund’s environmental or social characteristics.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable. A reference benchmark has not been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

*How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

*How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

*How does the designated index differ from a relevant broad market index?*

Not applicable.

*Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



**Where can I find more product specific information online?**

More product specific information can be found on the website:

[https://docs.wellington.com/list/public/documents?query=TEMPLATE\\_TYP=SustainabilityRelatedDisclosure%26in\(fundId,F000077\)%26languageCd=EN&recentMatch=true&download=true](https://docs.wellington.com/list/public/documents?query=TEMPLATE_TYP=SustainabilityRelatedDisclosure%26in(fundId,F000077)%26languageCd=EN&recentMatch=true&download=true)

## ANNEX 2: WELLINGTON COMMODITIES FUND

### 1. Summary of Offering

The following is a summary of the more detailed information contained elsewhere in this Offering Memorandum and is qualified in its entirety by reference to such information.

The Umbrella Fund	Wellington Management Funds (Luxembourg) II ( <i>Umbrella Fund</i> ) is an open-ended investment fund organized under the Luxembourg law of 13 February 2007 ( <i>2007 Law</i> ) on specialised investment funds, as amended from time to time and qualifies as an alternative investment fund (“ <i>AIF</i> ”) pursuant to the law of 12 July 2013 on alternative investment fund managers ( <i>AIFM Law</i> ) and the Directive (2011/61/EU) of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1905/2010 (“ <i>AIFMD</i> ”). The Umbrella Fund is an unincorporated mutual investment fund ( <i>fonds commun de placement</i> ) of the umbrella type.
Investment Objective	The Wellington Commodities Fund (“ <i>Fund</i> ”) seeks long-term total returns.
Alternative Investment Fund Manager or AIFM	Wellington Luxembourg S.à r.l., a <i>société à responsabilité limitée</i> organized in 1991 under the laws of the Grand Duchy of Luxembourg, serves as alternative investment fund manager and management company to the Fund.
Investment Manager	Wellington Management Company LLP, a limited liability partnership organized in 2014 under the laws of the State of Delaware, U.S.A., serves as investment manager to the Fund.
The Offering	The Umbrella Fund offers Class S Units, Class D Units, Class N Units and Class T Units of the Fund (each a “ <i>Class</i> ” and together the “ <i>Classes</i> ”). The Umbrella Fund offers Units of the Fund in the following denomination currencies: US Dollar ( <i>USD</i> ), Canadian Dollar ( <i>CAD</i> ), Swiss Franc ( <i>CHF</i> ), Euro ( <i>EUR</i> ), Norwegian Kronor ( <i>NOK</i> ), Japanese Yen ( <i>JPY</i> ), Singapore Dollar ( <i>SGD</i> ), Swedish Kronor ( <i>SEK</i> ), New Zealand Dollar ( <i>NZD</i> ), Australian Dollar ( <i>AUD</i> ), Chinese Yuan ( <i>RMB</i> ) and Hong Kong Dollar ( <i>HKD</i> ). Unit Classes may be offered as hedged (“ <i>Hedged Unit Class</i> ”) or unhedged.
Base Currency	US Dollar.
Business Day	The Fund will operate on any day that US Federal banks and the New York Stock Exchange are open for business except for:  a) Easter Monday b) 1 <sup>st</sup> May c) the weekday prior to and following Christmas Day as observed by the New York Stock Exchange d) such other days as the AIFM may from time to time determine.

Valuation Day	The Fund will be valued as of the close of business on the relevant Business Day, usually at the close of business on the New York Stock Exchange.
Dealing / Non-Dealing Day	<p>Dealing Day means a Business Day, when the Fund will publish a valuation and Units will normally be issued or redeemed by the Fund.</p> <p>Notwithstanding this, the AIFM may decide that some Business Days will be Non-Dealing Days for the Fund as a result of prevailing market conditions or other relevant factors applicable to a portion of the Fund’s assets, including public holidays, market/stock exchange closures or trading restrictions.</p> <p>A list of the Non-Dealing Days (the “<b>Holiday Calendar</b>”) is set out in the Investor Notices and Policies section at <a href="http://www.wellington.com">www.wellington.com</a>. Please note that the Holiday Calendar will be kept up to date and may change from time to time.</p> <p>In the event that an unexpected Non-Dealing Day is called for the Fund in the circumstances described above (including any period immediately preceding or following any such event, as necessary from an operational perspective), the Holiday Calendar will be updated as soon as reasonably practicable on an ad-hoc basis and specific communications will be made in advance, where possible, to affected Unitholders via email.</p>
Dealing Deadlines	Subscription, redemption or conversion orders must be received by 3:00 p.m. Luxembourg time on the relevant Dealing Day (the “ <b>Dealing Deadline</b> ”). All transaction requests will be executed at the NAV (subject to adjustments discussed below) of the relevant Share Class calculated on the Dealing Day, provided that the transaction request is received in good order.
Payment Deadlines	Payment is due no later than the second Business Day (T+2) following the Dealing Day or such other times as will be established by the Management Company from time to time (the “ <b>Payment Deadline</b> ”). For payment of redemption proceeds it means a date usually within two Business Days (T+2) of the processing of the redemption request.
NAV	means in respect of the assets of a Fund or Unit Class, the amount determined in accordance with the provisions set out in the section entitled the NAV.
Sustainability Factors	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
Risk Factors	Investment in the Fund involves a certain degree of risk. See the Risk Section of this Offering Memorandum for a summary of certain risks that should be evaluated before making an investment in the Fund.

Investment Management Fee	Class S, Class D and Class N Units of the Fund are subject to an annual Investment Management Fee equal to 0.75%.
Distribution Fee	Class D Units of the Fund are subject to a Distribution Fee at an annual rate of 0.75% of Class D net assets.

Information to Unitholders	The annual audited report will be available to Unitholders at the registered office of the Umbrella Fund and of the Registrar and Transfer Agent within six months of the close of the financial year. Other information on the Umbrella Fund or the AIFM as well as on the NAV, and the issue, conversion and redemption prices of Units, may be obtained on any Luxembourg bank working day at the registered office of the AIFM and of the Registrar and Transfer Agent. Further, information on the latest price of Units can be found at the website set forth in the Fund-specific informational documents which are regularly updated (the " <i>Fact Sheets</i> "), and historical performance of the Fund will also be made available in these Fact Sheets. The Fact Sheets will be made available to all Unitholders before they invest in the Fund, and from time to time after an investment is made, through the Investment Manager's reporting website Client Portal (" <i>Client Portal</i> ") and/or by email. Please also refer to "Information of Unitholders" of this Offering Memorandum.
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Information about the Umbrella Fund and its funds is provided to Unitholders listed on the Umbrella Fund's register.

## 2. Investment Objective and Policies

### Investment Objective

The Fund seeks long-term total returns.

### Investment Policies

The Investment Manager will seek to achieve the objective through the active management of commodities exposure against the customized equal sector-weighted S&P Goldman Sachs Commodities Index (the "**Index**"). The Fund will be managed in compliance with the principle of risk diversification.

The Index is a composite index of commodity sector returns representing unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. Each calendar quarter, the Benchmark is rebalanced to be equal weighted among the following four sectors: energy, industrial metals, precious metals, and agriculture and livestock (i.e., each sector will represent 25% of the Index after rebalancing). Within each sector, each commodity remains weighted proportionately to its weight in the production-weighted S&P GSCI. For example, if crude oil accounts for half of the energy sector weight within the production-weighted S&P GSCI, then it will also account for half of the energy sector weight within the Index.

The Fund's investment approach is primarily based on proprietary top-down and bottom-up fundamental research. Quantitative analysis and technical models also are used.

Top-down research focuses on macroeconomic and currency analysis to determine active weights in the various commodities sectors. Bottom-up research is conducted by the Investment Manager's Analysts who cover commodities-related equities. The Analysts examine the supply and demand fundamentals and price dynamics of the commodities that the companies either consume or produce. The Fund is constructed to provide broad exposure to the energy, industrial metals, precious metals, agricultural and livestock commodities sectors.

The Fund may buy and sell commodity-related instruments and securities including, but not limited to, commodity index and individual commodity futures, options, exchange-traded funds (ETFs), forwards, swaps, structured notes, other exchange-traded and over-the-counter instruments and equity securities that provide exposure to commodity prices. The Fund will not have net-short exposure to any single commodity (excluding any exposure gained through derivatives on indices which may be held for market exposure or hedging purposes from time to time).

Although the Fund will be managed in compliance with the principle of risk diversification, the Fund may hold concentrated positions. Net exposure to a single commodity will however not normally exceed the greater of (i) 30% of total Fund market value and (ii) 10% in excess of the Index exposure, and sector exposures will not normally exceed +/-15%, relative to the Index sector weights. At each quarter end a rebalancing of the Fund will bring back any net exposure to a single commodity to below 30% of the total Fund market value should there have been any excess.

Cash may be invested in US\$ denominated cash equivalents or short-term cash portfolios, generally investing in securities that are either issued or guaranteed by the US government, or that are rated investment-grade at time of purchase. Cash collateral may include, but is not limited to, the following: US Treasuries, securities issued by US government agencies and/or instrumentalities, commercial paper, corporate notes, bank and thrift instruments (including, but not limited to, CDs, bankers' acceptances, time deposits and bank or thrift notes) and repurchase agreements.

The Fund may hold in compliance with the principle of risk diversification private placements and other restricted deemed appropriate by the Investment Manager. The Fund may hold unhedged non-US Dollar exposure. The Fund may invest in shares of collective investment schemes or other pooled vehicles managed by the Investment Manager or its affiliates, provided that there is no duplication of investment management fees due to such investments.

The Fund's gross investment exposure, defined as the sum of all long positions plus the absolute value of all short positions, may exceed 100% of the market value of the Fund. The Fund's net investment exposure, defined as the sum of all long positions minus the absolute value of all short positions, will not materially exceed 100% of the market value of the Fund.

The Fund must comply with rules and restrictions broadly applicable to Luxembourg specialised investment funds. As such, the Fund may not in principle invest more than 30% of its assets or of its commitments to subscribe in securities of the same kind issued by the same issuer (this restriction does not apply to (i) investments in securities issued or guaranteed by a member state of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature, (ii) investments in target funds which are subject to risk diversification requirements at least similar to those provided for in relation to the Fund). For the application of this restriction, each sub-fund of a target fund

with an umbrella structure is to be considered as a separate issuer, provided that sub-fund commitments to third parties are segregated. Further, short sales may not in principle have as a result that the Fund holds a short position in securities of the same kind issued by the same issuer which represent more than 30% of its assets. Finally, when using derivative instruments, the Fund must ensure risk diversification comparable to the above by means of an appropriate diversification of the underlying assets. For this purpose, the counterparty risk in relation to OTC derivatives must be limited according to the quality and the qualification of the counterparty.

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities.

The Fund does not consider the adverse impacts of its investment decisions on Sustainability Factors.

#### *Sustainability Risk consideration*

The Sustainability Risks that are most frequently relevant to the investment process of this Fund include:

#### **Social**

- a. External Social Factors
  - i) Social Controversy

Further details on Sustainability Risk and their potential impacts are included under **Sustainability Risks** within the section of the Prospectus entitled **Risk Factors**.

#### **Changes to Investment Objectives and Investment Policies**

The Investment Objective and Investment Policy of the Fund are determined by the Board of Managers of the AIFM, in consultation with the Investment Manager, and are disclosed in this Offering Memorandum. The Board of Managers of the AIFM must approve any changes to this Offering Memorandum, including any changes to the Investment Objective, Investment Policy and Investment Restrictions as set out in this Offering Memorandum. Furthermore, any changes to this Offering Memorandum require CSSF approval and the CSSF may direct that at least a one month notice period be given to all Unitholders in order to allow Unitholders to redeem from the Fund or, whenever possible, to convert their Units in Units of the same or another Class in a different Fund, without penalty prior to a proposed change taking effect, if it considers the change to have a potentially material impact on Unitholders. The Offering Memorandum will be updated to reflect the modifications decided by the Board of Managers of the AIFM.

#### **Use of Leverage**

Within the meaning of the AIFMD, "*leverage*" is any method by which the AIFM (or the Investment Manager on its behalf) increases the exposure of the Fund through borrowing of cash or transferable securities, or leverage embedded in derivative positions or by any other means.

The Fund may employ leverage in circumstances where the Investment Manager deems it appropriate to do so in order to implement the investment approach and to achieve the investment objective.

The Fund will only borrow cash from the Depositary from time to time on a temporary basis, such as to satisfy securities settlement or unitholder redemption requests. The Fund is not permitted to borrow for

investment purposes. The Fund is not permitted to engage in short sales of individual securities, for the avoidance of doubt; this restriction does not apply to derivatives.

The Fund may incur leverage by borrowing as described above, and/or through the use of derivatives, repurchase transactions, and other non-fully funded instruments. In each case, leverage may be obtained on an unsecured or secured, or an uncollateralised or collateralised, basis. Leverage obtained through borrowing is obtained from the relevant lender (and may be limited if the relevant lender is unwilling or unable to lend). Leverage obtained through the use of derivatives and other non-fully funded instruments is obtained from the relevant counterparty (and may be limited if a counterparty is unwilling to accept the terms of a proposed investment).

The leverage of the Fund is managed and monitored by the AIFM on a frequent basis. It is expected that the Fund's leverage will not exceed 600% of the NAV of the Fund, calculated using the gross method. The gross leverage figure is calculated as the sum of the absolute value of all positions of the Fund in accordance with the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision ("*AIFMR*"). This calculation includes the underlying investments of the Fund which make up to 100% of total net assets and the notional exposure associated with derivatives.

In particular, the above figure also includes Unit Class related hedging, which is comprised of 100% for the hedging itself and 200% to allow for derivative roll overs involving positions being closed out against equal and opposite trades.

Where derivatives are used for hedging or netting purposes or are themselves hedged against equal and opposite trades, the sum of the absolute value of all positions may not reflect the true economic risk of the Fund. If the expected level of leverage were calculated on this basis (i.e. the commitment method) in accordance with AIFMR, the level of leverage would be expected to be lower and generally around 300% of the NAV of the Fund.

### **Efficient Portfolio Management Techniques**

The Umbrella Fund is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and reuse and amending Regulation (EU) No 648/2012, 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 Fund may use consists of repurchase transactions. The Fund may use repurchase transactions and total return swaps for efficient portfolio management purposes and/or investment purposes, in accordance with the Fund's investment objective and policy.

Any assets of the Fund may be the subject of repurchase transactions and total return swaps. The maximum and expected proportion of the Fund's assets which may be subject to repurchase transactions and total return swaps, expressed as a percentage of the NAV, is set out in the table below:

Type of transaction	Expected	Maximum	On a temporary basis / continuous basis
Reverse-repurchase transactions	45%	100%	Continuous
Total return swaps	25%	100%	Continuous

The expected level of usage of repurchase transactions and total return swaps reflects anticipated use under normal circumstances. The Investment Manager will typically use (i) repurchase transactions to manage uninvested cash as described in the Fund’s investment objective and policy and (ii) total return swaps where it considers such transactions to be the most efficient way to gain the required commodity exposure at the time of investment. As such, there is no restriction on the frequency under which the Fund will enter into such transactions.

The proportions set out in the table above may be amended by the AIFM from time to time. In such case, this Offering Memorandum will be updated.

The AIFM 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 Luxembourg regulatory authority as equivalent to those laid down in EU law, or an investment firm, authorised in accordance with the MiFID II in an EEA Member State, or an entity subject to regulation as a Consolidated Supervised Entity (“CSE”) by the US Securities and Exchange Commission.

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: includes cash, short term bank certificates and money market instruments. 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 European Union, regional or world-wide scope.
- (c) Shares or units issued by money market funds calculating a daily NAV and assigned a rating of AAA or its equivalent.
- (d) Shares or units issued by funds authorized under the UCITS Directive (Directive 2009/65/EC) 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 type of acceptable collateral received on SFTs will be subject to the following additional restrictions:

- (a) The residual maturity will be limited to 10 years except if it is a perpetual bond issued by a sovereign with at least an investment grade rating;
- (b) If the collateral is rated below investment grade, an additional collateral haircut will be considered to account for collateral concentration and collateral will be sufficiently diversified to ensure a

- sufficient recovery rate in case of default of the counterparties. Collateral with a low probability of default i.e. in the A-rating band will be subject to lower haircuts for issuer concentration;
- (c) Collateral should be issued by an entity that is independent from the counterparty;
  - (d) The collateral selected should be easy to value based on publicly quoted market price.

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. The Fund does 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.

Collateral posted in favour of the 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 the 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.

The section of this Offering Memorandum entitled **Collateral Management and Reuse** sets out circumstances where the Fund can reuse collateral.

The section of this Offering Memorandum entitled **Risk Factors** provides a description of the risks associated with the use of SFTs and total return swaps and other derivatives.

Direct and indirect operational costs and fees incurred in the use of SFTs may be deducted from the revenue delivered to the 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 Manager does 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 Fund.

With regards to total return swaps and repurchase transactions, 100% of the revenues (or losses) generated by their execution are allocated to the Fund. The Investment Manager does not charge any additional costs or fees or receive any additional revenues in connection with the execution of these transactions. Whilst additional costs may be inherent in certain of these transactions, these are imposed by the relevant counterparty based on market pricing, form part of the revenues or losses generated by the relevant transaction, and are allocated 100% to the Fund. Details on the net returns and costs of total return swaps and repurchase transactions as of the Umbrella Fund's fiscal year end are published in the Umbrella Fund's annual report. Any transaction costs for these investments imposed by the relevant counterparty are not separately identifiable and are included in the purchase and sales price.

### **Benchmark Regulation**

The Benchmark Regulation<sup>2</sup> entered into force in June 2016 and is fully applicable in the EU since 1 January 2018 (save that certain provisions, including those related to 'critical benchmarks', took effect as at 30 June

<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

2016), subject to certain transitional provisions. The Benchmark Regulation applies to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. The Benchmark Regulation, 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 AIFM 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 AIFM at its registered address.

The AIFM is required under the Benchmark Regulation to use only in-scope benchmarks which are provided or endorsed by authorised benchmark administrators that are or will be present in the register of administrators maintained by the European Securities and Markets Authority, pursuant to Article 36 of the Benchmark Regulation.

### 3. Issue of Units

The AIFM is entitled to issue in multiple Classes of Units.

The Fund may issue Unit Classes denominated in the Base Currency, or denominated in Canadian Dollar, Swiss Franc, Euro, Norwegian Kronor, Japanese Yen, Singapore Dollar, Swedish Kronor, New Zealand Dollar, Australian Dollar or the Hong Kong Dollar.

Classes of Units are available in a continuous offering at NAV. The following table provides details on the Fund's minimum initial subscriptions, minimum holdings and minimum subsequent subscription for the Fund's Unit Classes:

<b>Unit Class</b>	<b>Terms</b>	<b>USD or the equivalent amount in any other currency</b>
<b>Class S/T</b>	Minimum Initial Subscription/ Minimum Holdings	5 mil
	Minimum Subsequent Subscription	1,000
<b>Class D/N</b>	Minimum Initial Subscription/ Minimum Holdings	250,000
	Minimum Subsequent Subscription	1,000

GBP Hedged Units are only offered to Wellington Management Funds (Luxembourg) II SICAV and may not be subscribed for otherwise.

In each case, the minimum amounts may be waived by the AIFM.

All classes of Units are reserved for Well-Informed Investors and qualify for the lower *taxe d'abonnement* rate of 0.01%.

Class S Units are reserved for Institutional Investors (as defined in Part A: "General Umbrella Fund Information") only.

Class D Units are offered to eligible financial intermediaries acting on behalf of underlying beneficial holders who are Well-Informed Investors. Class D Units are subject to a Distribution Fee at an annual rate of 0.75%.

Class N Units are offered to eligible financial intermediaries acting on behalf of underlying beneficial holders who are Well-Informed Investors. Class N Units are reserved for eligible financial intermediaries 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 that 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 Class S Units.

Class T Units are reserved for Institutional Investors that have an existing investment management relationship with the Investment Manager or one of its affiliates. 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.

#### **4. Distribution Policy**

Distributions are at present not planned by the AIFM.

Therefore, currently Unitholders who wish to receive the earnings of the Fund must request a redemption of Units, in accordance with the terms governing redemptions.

In accordance with the Management Regulations, the AIFM may decide whether and to what extent investment income and realized capital gains will be distributed with respect to the Fund.

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.

The AIFM may determine on behalf of the Fund to use an accounting technique known as income equalisation to prevent distortion of current Unitholders' earnings. Further information is available in the Taxation section.

## 5. Charges of the Fund

### Investment Management Fee

The Investment Manager shall be paid an Investment Management Fee by the AIFM, out of the assets of the relevant Class. The Investment Management Fee is calculated as a percentage of the daily net assets attributable to the relevant Class, accrued daily in the NAV of the Class and paid monthly in arrears at the following annual rates:

0.75% Class S, Class D and Class N Units.

The Investment Management Fee in respect of the Class T Units is agreed and paid separately by the Unitholders in that Class. 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 for their underlying clients in accordance with and to the extent permitted by applicable laws. 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, and to the extent permitted by all applicable laws, the Investment Manager and the AIFM may negotiate alternative fee arrangements, including rebates on investment management fees, or modify existing fee arrangements for any single Unitholder or financial intermediary, provided that the objective of such arrangements is to improve the quality of the services provided to the Fund and that it does not prevent the Investment Manager or the AIFM from acting in the best interests of the Fund or the Unitholders. For example certain investors (such as personnel of the AIFM or of the Wellington Management group or any other investor of the Umbrella Fund from time to time as agreed with the Investment Manager or AIFM) may be offered a loss carry forward. This may include variations in certain aspects of any Performance Fee; for example certain investors may be offered a loss carry forward or different performance measurement periods. Ultimately, this may result in some investors paying lower investment management, or Performance Fees than other investors; in all cases the alternative fee arrangements will be effected via a fee rebate letter from the Investment Manager. Information on the essential terms of such arrangements may be obtained upon request to the Investment Manager or the AIFM.

### Distribution Fee

Unitholders in the Class D Units will be paid a Distribution Fee at an annual rate of 0.75% out of Class D net assets.

The Distribution Fee is calculated as a percentage of the daily net assets attributable to the Class D Units held by the relevant Unitholder, accrued daily in the NAV of the Class D Units and paid quarterly in arrears.

The Distribution Fee is paid to intermediaries holding the Class D Units to compensate them for distribution and Unitholder services provided to underlying beneficial owners of the 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 Class within a Fund, that has a higher distribution fee.

### **Third Party Fees**

Unitholders should note that although there is no transaction fee charged by the Umbrella Fund, the AIFM or its affiliates, Unitholders may be charged a transaction fee by their financial adviser or the intermediary through which they hold Units. Where investors are subscribing in Class D Units through a financial intermediary, a preliminary charge of up to 5% of the amount of the investment in the Fund may be payable to the intermediary. Unitholders should consult their financial adviser or the intermediary about any such fees.

The sub-sections United Kingdom Taxation and United States Taxation provided in the Part A of this Offering Memorandum are not applicable for the Wellington Commodities Fund and are replaced by the following sub-sections:

#### **United Kingdom Taxation**

The AIFM intends that the affairs of the Umbrella Fund should be managed and conducted so that the Umbrella Fund is not considered a United Kingdom (“UK”) resident or having a permanent establishment that constitutes an assessable UK representative for UK taxation purposes.

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 has also been further advised that the Umbrella Fund may be considered fiscally transparent for UK tax purposes. Consequently, investors that are UK tax residents and invest in Units, likely 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.

Due to the aforementioned, a separate fund has been structured for the consideration of UK investors to avoid such UK tax reporting issues that may arise as a result of investing into the Umbrella Fund. UK investors are therefore directed to Wellington Management Funds (Luxembourg) II SICAV.

It should be noted that the Umbrella Fund, the AIFM, 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.

#### **Other United Kingdom 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. The legislation is not directed towards the taxation of capital gains.

The attention of Unitholders (including individuals, companies and trusts) resident in the UK (and who are, if individuals, also ordinary resident or domiciled in 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 Umbrella 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 Umbrella Fund is itself controlled in such a manner and by a sufficiently small number of persons as to render the Umbrella 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 purchase or sale of units or on an in specie distribution of investments on a redemption of units.

### **United States Taxation**

United States federal tax rules provide a specific exemption from US federal income tax to a non-US person (including entities and individuals) which restricts its activities in the US to trading in stocks, securities and commodities (including currencies) for its own account, whether such trading is by the non-US person or its employees, or through a broker, commission agent, custodian or other agent in the US. This particular exemption does 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 Umbrella Fund intends to conduct its affairs so that it will not be deemed to be engaged in a trade or business in the United States and, therefore, none of its income should be treated as “effectively connected” with a US trade or business carried on by the Umbrella Fund. However, in the event that the Umbrella Fund is deemed to be deriving income which is effectively connected with a US trade or business carried on by the Umbrella Fund, such income could be subject to US federal income tax at the graduated rates applicable to US persons, and the Umbrella 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.

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.

### **Taxation of U.S. Investors**

Please note that the Umbrella Fund currently does not anticipate offering Units either directly or indirectly to U.S. investors, unless otherwise permitted by the AIFM in its sole discretion.

## **German Taxation**

Under the German Investment Tax Act, the Fund is classified as a 'debt' fund.

Further information on German Taxation can be found in the Offering Memorandum in the section entitled **German Taxation**.