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## **PROSPECTUS**

State Street AUT Europe ex UK Screened Index Equity Fund  
(PRN: 436718)

State Street AUT North America Screened Index Equity Fund  
(PRN: 436719)

State Street AUT Japan Screened Index Equity Fund  
(PRN: 436720)

State Street AUT Asia Pacific Ex-Japan Screened Index Equity  
Fund  
(PRN: 436722)

State Street AUT UK Screened Index Equity Fund  
(PRN: 428242)

State Street AUT Emerging Market Screened Index Equity Fund  
(PRN: 940218)

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16 May 2024

## **Important Information**

No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of Units other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Manager. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of any Scheme have not changed since the date hereof.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

Units in the Schemes are not listed on any investment exchange.

The Units have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US Persons. The Schemes have not been and will not be registered in the United States of America under any applicable legislation.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Units.

The provisions of the relevant Trust Deed are binding on each of the Unitholders and a copy of the relevant Trust Deed is available on request from the Manager.

This Prospectus has been issued for the purpose of section 21 of the FSMA by the Manager. This Prospectus is based on information, English law and practice at the date hereof. The Manager shall not be bound by an out of date Prospectus when it has issued a new Prospectus and investors should check with the Manager that this is the most recently published Prospectus.

In order to comply with legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA, and the OECD's Common Reporting Standard known as CRS) the Manager will collect and report information about Unitholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the Manager or its agent, Unitholders must provide information to be passed on to HM Revenue & Customs, and to any relevant overseas tax authorities. By signing the application form to subscribe for Units in a Scheme, each Unitholder is agreeing to provide such information upon request at any time from the Manager or its delegate. The Manager may exercise its right to redeem completely the holding of a Unitholder (at any time upon any or no notice) if the Unitholder fails to provide the Manager with the information the Manager requests to satisfy its obligations under any international tax compliance regulations or other similar automatic exchange of information requirements.

Prospective investors and Unitholders should note that they are providing the Manager with personal information, which may constitute personal data within the meaning of the Data Protection Legislation. The personal data of prospective investors and registered Unitholders shall be processed in accordance with the Privacy Statement. The Manager (including its delegates) may transfer your information to countries located outside of the United Kingdom and the European Economic Area (the EEA). This may happen when our servers, suppliers and/or service providers are based outside of the United Kingdom and the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the United Kingdom and the EEA. In these instances we will take steps to ensure that your privacy rights are respected. Details relevant to you may be provided upon request.

All communications by the Investment Adviser and the Manager in relation to this Prospectus shall be in English.

**IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.**

## CONTENTS

<b>Clause</b>	<b>Page</b>
1. INTRODUCTION	3
2. DEFINITIONS	3
3. SCHEME DETAILS	5
4. THE MANAGER	5
5. THE REGISTRAR	5
6. THE AUDITORS	5
7. INVESTMENT ADVISER	5
8. DEPOSITARY	6
9. THE OBJECTIVES, POLICY AND PRINCIPAL STRATEGIES AND INVESTMENTS OF THE SCHEMES	8
10. CHARACTERISTICS OF UNITS IN THE SCHEMES	16
11. RISK CHARACTERISTICS OF THE SCHEMES	17
12. VALUATION OF PROPERTY	42
13. PAST PERFORMANCE	44
14. ALLOCATION OF INCOME	45
15. SECURITIES LENDING	46
16. MANAGEMENT OF COLLATERAL AND COLLATERAL POLICY (“COLLATERAL MANAGEMENT POLICY”)	47
17. EQUALISATION	48
18. CHARGES AND EXPENSES	49
19. ISSUE AND REDEMPTION OF UNITS IN THE SCHEMES	51
20. PRICES	55
21. TAXATION	55
22. GENERAL INFORMATION	57
23. COMPLAINTS	57
24. NOTICES	57
25. WINDING UP	57
26. STRATEGY FOR EXERCISE OF VOTING RIGHTS	58
27. BEST EXECUTION	58
28. INDUCEMENTS	58
29. REMUNERATION	58
30. TELEPHONE RECORDINGS	59
31. ADDITIONAL INFORMATION	59

APPENDIX I SUB-CUSTODIANS USED BY THE CUSTODIAN

APPENDIX II LENDING SCHEMES

## 1. INTRODUCTION

This is the Prospectus of State Street AUT Europe ex UK Screened Index Equity Fund, State Street North America Screened Index Equity Fund, State Street AUT Japan Screened Index Equity Fund, State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund, State Street AUT UK Screened Index Equity Fund and State Street AUT Emerging Market Screened Index Equity Fund. This Prospectus has been prepared in accordance with the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

## 2. DEFINITIONS

**Accumulation Unit** means a Unit in respect of which income of the relevant Scheme is not distributed;

**ADR** means American depositary receipts;

**Associate** is as defined in the glossary to the FCA Handbook;

**Benchmark Regulation** has the meaning given in section 9.11 of the Prospectus;

**Benchmark Contingency Plan** has the meaning given in section 9.11 of the Prospectus;

**Business Day** means Monday to Friday except for a bank holiday in England and Wales or any other day on which the London Stock Exchange is closed;

**Custodian** means State Street Bank and Trust Company;

**Data Protection Legislation** means (i) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018 and (ii) the Data Protection Act 2018 and other applicable UK laws;

**Dealing Day** means any Business Day except for (i) the last Business Day before Christmas or (ii) any other days when the Manager considers that a significant proportion of the underlying markets in which the Scheme is invested are closed or (iii) in exceptional circumstances, any other day at the Manager's discretion;

**Depositary means** means HSBC Bank plc;

**Depositary Services Agreement** has the meaning given in section 8 of the Prospectus;

**EU UCITS** means an Undertaking for Collective Investments in Transferable Securities established pursuant to the EU UCITS Directive;

**EU UCITS Directive** means the European directive (Directive EC/2009/65/EC) relating to undertakings for collective investment in transferable securities (as amended);

**FCA** means the Financial Conduct Authority;

**FCA Handbook** means the FCA Handbook of Rules and Guidance made by the FCA pursuant to the Financial Services and Markets Act 2000, as amended or re-issued from time to time;

**FSMA** means the Financial Services and Markets Act 2000, as amended or replaced from time to time;

**GDR** means global depositary receipts;

**Index Provider** in relation to a Scheme, the entity or person who, by itself or through a designated agent, compiles, calculates and publishes information on an Index as specified in the relevant Key Investor Information Document;

**Investment Adviser** means State Street Global Advisors Limited;

**IOSCO** means the International Organisation of Securities Commissions;

**Lending Agent** means State Street Bank and Trust Company, London Branch;

**Lending Scheme** means a Scheme that permits securities lending, as listed in Appendix II – Lending Schemes;

**Manager** means State Street Unit Trust Management Limited and, where the context so requires, any authorised delegate of the Manager;

**Member State** has the meaning given in Section 16 of this Prospectus;

**Net Asset Value** means the value of the relevant Scheme property less the liabilities of the relevant Scheme;

**OECD** means the Organisation for Economic Co-operation and Development;

**Privacy Statement** means the privacy statement adopted by the Manager as amended from time to time. The current version is available on [www.ssga.com](http://www.ssga.com);

**Prospectus** means this document as amended or supplemented from time to time;

**PRA** means the Prudential Regulation Authority;

**PRN** means the product reference number attributed to each Scheme by the FCA;

**Registrar** means State Street Global Advisors Limited;

**Regulations** means the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (SI 2013/1388) and the FCA Handbook (including the COLL Sourcebook) and any other applicable rules made under FSMA from time to time in force. This does not include guidance or evidential requirements contained in that Sourcebook;

**Schemes** means the State Street AUT Europe ex UK Screened Index Equity Fund, the State Street AUT North America Screened Index Equity Fund, the State Street AUT Japan Screened Index Equity Fund, the State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund, the State Street AUT UK Screened Index Equity Fund and State Street AUT Emerging Market Screened Index Equity Fund and Scheme means any one of them, as the context so requires;

**Scheme Property** means the scheme property of a Scheme or of all Schemes (as appropriate);

**Sourcebook** means the Collective Investment Schemes Sourcebook issued by the FCA as part of the FCA Handbook, as amended or re-issued from time to time, which shall, for the avoidance of doubt, not include the guidance or evidential requirements it contains;

**Trust Deeds** means the trust deeds constituting the Schemes as amended from time to time and **Trust Deed** means any one of them, as the context so requires;

**Trustee** means HSBC Bank plc;

**UK UCITS** means an Undertaking for Collective Investments in Transferable Securities established pursuant to the UK UCITS Directive;

**UK UCITS Directive** means the European directive (Directive EC/2009/65/EC) relating to undertakings for collective investment in transferable securities (as amended) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018;

**UK UCITS Requirements** means the UK UCITS Directive and any supporting or delegated EU legislation to Directive EC/2009/65/EC (to the extent and as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018), the Regulations and any FCA Handbook rules to implement or supplement the UK UCITS Directive;

**Unit or Units** means a unit or units in the relevant Scheme (including, as the context may require, fractions of a unit);

**Unitholder** means a holder of Units; and

**Valuation Point** means the time, whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the relevant Scheme property for the purpose of determining the price at which Units may be issued, cancelled or redeemed.

References to times in this Prospectus are to local times in London unless otherwise stated.

### **3. SCHEME DETAILS**

The Schemes are authorised by the FCA with effect from 6 September 2005, except the State Street AUT UK Screened Index Equity Fund which is authorised by the FCA with effect from 5 April 2005 and the State Street AUT Emerging Market Screened Index Equity Fund which is authorised by the FCA with effect from 3 December 2020. Please note that approval by the FCA in this context refers only to approval under FSMA and does not in any way indicate or suggest endorsement or approval of the Scheme(s) as an investment.

The Schemes each have an unlimited duration. The Schemes are authorised unit trusts and UK UCITS schemes. Each Scheme will be charged with the liabilities, expenses, costs and charges of that Scheme. Unitholders are not liable for the debts of the Schemes.

The base currency of each Scheme is Pounds Sterling.

### **4. THE MANAGER**

The Manager of the Schemes is State Street Unit Trust Management Limited. It is a private limited liability company incorporated in England on 10 December 1991 with registered number 2669933 and with a share capital of £500,000 (which is fully paid up) and is authorised and regulated by the FCA in the conduct of its designated investment business as defined in the FCA Handbook. The Manager's registered office is 20 Churchill Place, Canary Wharf, London E14 5HJ.

The Manager's directors are Victoria Parry, Colin Fernandes, Nigel Wightman and Rebecca Bridger. The directors' principal business activities include acting as directors of other investment companies within (and other schemes managed by members of) the State Street group of companies which includes the Investment Adviser.

The Manager has delegated its activities relating to investment management, fund promotion and administration to State Street Global Advisors Limited which also has the power to sub-delegate and appoint sub-distributors. The Manager has delegated the Schemes' accounting and pricing functions to State Street Bank and Trust Company.

The Manager has appointed State Street Global Advisors Limited as the distributor of the Schemes pursuant to a distribution agreement. Under the terms of the distribution agreement, State Street Global Advisors Limited may appoint other distributors, sub-distributors or dealers for distribution of the Schemes. The distributors may (where permitted by the FCA Handbook) receive a referral fee, commission, rebate or other similar amount or otherwise be authorised to retain a selling fee for procuring investment into the Schemes.

Details of distributors can be provided by the Manager or State Street Global Advisors Limited upon request.

The Manager also acts as authorised contractual scheme manager in connection with the State Street Authorised Contractual Scheme.

### **5. THE REGISTRAR**

State Street Global Advisors Limited is the Registrar of the Schemes and is responsible for the maintenance of the registers of Unitholders. It will keep the registers at its office at 20 Churchill Place, Canary Wharf, London, E14 5HJ where they are open to inspection by Unitholders between 9:00am and 5:00pm on any Business Day.

### **6. THE AUDITORS**

The auditors of the Schemes are PricewaterhouseCoopers LLP whose registered office is at 141 Bothwell Street, Glasgow, G2 7EQ

### **7. INVESTMENT ADVISER**

The Investment Adviser to the Schemes is State Street Global Advisors Limited. It is a private limited liability company (incorporated in England on 8 June 1990 with registered number 2509928) and a member of the same group of companies as the Manager. It is authorised and regulated by the FCA in the conduct of its designated investment business (as defined in the FCA Handbook) and its principal business activity is that of an investment manager.

Pursuant to an agreement between the Manager and the Investment Adviser, the Investment Adviser has agreed to manage the assets of the Schemes in accordance with the investment objectives of the Schemes. The terms of the agreement between the Investment Adviser and the Manager allow the Investment Adviser to sub-delegate the exercise of its investment management discretion. At the date of this prospectus, the Investment Adviser has sub-delegated certain discretionary portfolio management services to the following entities all of which are within the State Street group of companies:

Scheme	Sub-Delegate
State Street AUT Europe Ex UK Screened Index Equity Fund	State Street Global Advisors Europe Limited, Poland Branch. State Street Global Advisors Europe Limited is a limited liability company organised under the laws of Ireland (Irish Companies Registration Office number 49934); authorised and regulated by the Central Bank of Ireland (CBI register number C716)
State Street AUT North America Screened Index Equity Fund	State Street Global Advisors Europe Limited, Poland Branch. State Street Global Advisors Europe Limited is a limited liability company organised under the laws of Ireland (Irish Companies Registration Office number 49934); authorised and regulated by the Central Bank of Ireland (CBI register number C716).
State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund	State Street Global Advisors Europe Limited, Poland Branch. State Street Global Advisors Europe Limited is a limited liability company organised under the laws of Ireland (Irish Companies Registration Office number 49934); authorised and regulated by the Central Bank of Ireland (CBI register number C716).
State Street AUT Japan Screened Index Equity Fund	State Street Global Advisors Europe Limited, Poland Branch. State Street Global Advisors Europe Limited is a limited liability company organised under the laws of Ireland (Irish Companies Registration Office number 49934); authorised and regulated by the Central Bank of Ireland (CBI register number C716).
State Street AUT UK Screened Index Equity Fund	No sub-delegation
State Street AUT Emerging Market Screened Index Equity Fund	No sub-delegation

## 8. DEPOSITARY

Pursuant to the agreement dated 12th October 2016 between the Manager and the Depositary (the “**Depositary Services Agreement**”), and for the purposes of and in compliance with The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2015 and the UK UCITS Requirements (including without limitation, Commission Delegated Regulation (EU) of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council, as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018) with regard to obligations of depositaries, the Depositary has been appointed as depositary to the Schemes.

The Depositary, HSBC Bank plc, is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Depositary’s registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Depositary is the provision of financial services, including trustee and depositary services. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

### Duties

The Depositary provides services to the Schemes as set out in the Depositary Services Agreement and, in doing so, shall comply with the UK UCITS Requirements.

The Depositary's duties include the following:

- (i) Ensuring that the Scheme cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Schemes have been received.
- (ii) Safekeeping the Scheme Property, which includes (i) holding in custody all financial instruments that can be physically delivered to the Depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- (iii) Ensuring that issues, redemptions and cancellations of the Units of each Scheme are carried out in accordance with applicable law, the relevant UK UCITS Requirements and the Scheme's deed of trust.
- (iv) Ensuring that the value of the Units is calculated in accordance with applicable law, the relevant UK UCITS Requirements and the Scheme's deed of trust.
- (v) Carrying out the instructions of the Manager, unless they conflict with applicable law, the relevant UK UCITS Requirements and the Scheme's constitutional documents.
- (vi) Ensuring that in transactions involving the Scheme Property any consideration is remitted to the Scheme, as appropriate within the usual time limits.
- (vii) Ensuring that the Scheme income is applied in accordance with applicable law, the relevant Regulations and the Scheme's deed of trust.

The Depositary may delegate its safekeeping functions in relation to safekeeping of the Scheme Property, subject to the terms of the Depositary Services Agreement and with agreement of the Manager.

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

In general, the Depositary is liable for losses suffered by the Schemes as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Scheme for the loss of financial instruments of the Schemes which are held in its custody. The Depositary will not be indemnified out of the Scheme Property for the loss of financial instruments. The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

Subject to the UK UCITS Requirements, the Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss. This exclusion is only applicable where the loss of such financial instrument is not the result of any act or omission of the Depositary, its delegates or sub-delegates; the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice; and despite undertaking rigorous and comprehensive due diligence.

In the event there are any changes to the Depositary's liability under the UK UCITS Requirements, the Manager will inform Unitholders of such changes without delay.

The Depositary has delegated to the Custodian the Scheme Property for safekeeping in accordance with the terms of written agreements between the Depositary and the Custodian. A list of sub-custodians used by the Custodian is contained in Appendix I. From time to time, custody of financial instruments comprising Scheme Property may be delegated by the Custodian to a sub-custodian to facilitate corporate actions or where a security is dual listed.

From time to time, actual or potential conflicts of interest may arise between the Depositary and its delegates. For example, such conflicts may arise (i) where an appointed delegate is an affiliated group company and is providing a product or service to a Scheme and has a financial or business interest in such product or service; or, (ii) where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Scheme. The Depositary maintains a conflict of interest policy to address this.

In addition, actual or potential conflicts of interest may also arise between the Schemes, the Unitholders or the Manager on the one hand and the Depositary on the other hand. For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to a Scheme and the Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Depositary may benefit directly or indirectly. In addition, the Depositary may have a financial or business



interest in the provision of such products or services, or receives remuneration for related products or services provided to the Schemes, or may have other clients whose interests may conflict with those of the Schemes, the Unitholders or the Manager.

In particular, HSBC Bank plc may provide foreign exchange services to a Scheme for which they are remunerated out of the property of the Scheme. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Scheme in question; provides broking services to the Schemes and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Schemes in question; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Schemes; or earns profits from or has a financial or business interest in any of these activities. The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Manager or the relevant Scheme than if the conflict or potential conflict had not existed.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest. 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.

#### Updated Information

Up to date information regarding the name of the Depositary, its duties, any conflicts of interest that may arise and delegations of the Depositary's safekeeping functions will be made available to Unitholders on request.

## **9. THE OBJECTIVES, POLICY AND PRINCIPAL STRATEGIES AND INVESTMENTS OF THE SCHEMES**

### **9.1 Investment Objectives and Policy**

The objectives of the Schemes are as follows:

- (a) State Street AUT Europe ex UK Screened Index Equity Fund: to replicate, as closely as possible and on a "gross of fees" basis, the return of the Europe ex UK equity market as represented by the FTSE Developed Europe ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent);
- (b) State Street AUT North America Screened Index Equity Fund: to replicate, as closely as possible and on a "gross of fees" basis, the return of the North America equity market as represented by the FTSE North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent);
- (c) State Street AUT Japan Screened Index Equity Fund: to replicate, as closely as possible and on a "gross of fees" basis, the return of the Japan equity market as represented by the FTSE Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent);
- (d) State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund: to replicate, as closely as possible and on a "gross of fees" basis, the return of the Asia Pacific ex-Japan equity market as represented by the FTSE Developed Asia Pacific ex Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent);
- (e) State Street AUT UK Screened Index Equity Fund: to replicate, as closely as possible and on a "gross-of-fees" basis, the return of the United Kingdom equity market as represented by the FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent); and
- (f) State Street AUT Emerging Market Screened Index Equity Fund: to replicate, as closely as possible and on a "gross of fees" basis, the return of the emerging equity market as represented by the FTSE Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, net of withholding taxes (or its recognised replacement or equivalent).

The FTSE Developed Europe ex UK ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, FTSE North America ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, FTSE Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, FTSE Developed Asia Pacific ex Japan ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index,

FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index and FTSE Emerging ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index are each referred to as an “**Index**” in this Prospectus (and together the “**Indices**”).

Each of the Schemes is passively managed, meaning that the objective of the Scheme is to achieve an investment return that is as close as possible, and on a “gross of fees” basis, to the return of the Index applicable to the Scheme. The Investment Adviser seeks to achieve the objective of each Scheme by using a replication strategy. This strategy seeks to hold all of the securities of the particular Index, with the approximate weightings as in that Index. Each Scheme may also invest in transferable securities, money market instruments, warrants, units in collective investment schemes, deposits and derivatives. Each Scheme may invest in collective investment schemes managed or operated by companies in the same group as the Manager or the Investment Adviser.

### **Negative Screening**

The Indices include negative screens that exclude securities from the Indices based on four criteria:

1. Controversial weapons (including chemical & biological weapons, cluster munitions, anti-personnel landmines)

2. *Controversies as defined by the ten principles of the UN Global Compact:*

#### Human Rights

- a) *Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and*
- b) *Principle 2: make sure that they are not complicit in human rights abuses.*

#### Labour

- c) *Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
- d) *Principle 4: the elimination of all forms of forced and compulsory labour;*
- e) *Principle 5: the effective abolition of child labour; and*
- f) *Principle 6: the elimination of discrimination in respect of employment and occupation.*

#### Environment

- g) *Principle 7: Businesses should support a precautionary approach to environmental challenges;*
- h) *Principle 8: undertake initiatives to promote greater environmental responsibility; and*
- i) *Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

#### Anti-Corruption

- j) *Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.*

3. Tobacco (companies engaged in the production of tobacco and/or tobacco products)

4. Thermal Coal (companies with revenues greater than or equal to 10% from extraction or power generation of thermal coal)

These negative screens will therefore apply when the Schemes invest in shares of companies included in the Indices (but not in respect of other investments held by the Schemes from time to time).

The Index for the State Street AUT UK Screened Index Equity Fund, being the FTSE All-Share ex Controversies ex CW ex Tobacco ex Thermal Coal (10%) Index, contains investment trusts (ICB subsector 8985) whose holdings are not screened for the excluded activities contained in the name of the Index.

Investors wishing to obtain more information about an Index, including information on the underlying components and weightings can obtain this at:

<https://www.ftserussell.com/products/indices/global-choice> and  
<https://www.ftserussell.com/analytics/factsheets/home/constituentsweights>

### **Further information relating to the Indices**

The Schemes are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”) or the London Stock Exchange Group companies (“LSEG”) (together the “Licensor Parties”) and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be

obtained from the use of an Index (upon which a Scheme is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Scheme. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to the Investment Adviser or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

As of the date of this Prospectus, FTSE International Limited is listed on the FCA register referred to in article 36 of the Benchmark Regulation as an administrator authorised pursuant to article 34 of the Benchmark Regulation.

## 9.2 Profile of typical investor

The Schemes are designed for, and available only to, institutional and individual investors who are professional clients or eligible counterparties for the purposes of the FCA Handbook.

## 9.3 Principal Investment Strategies

Each Scheme will seek to track the performance of the Index applicable to the Scheme while seeking to minimise as far as possible the tracking error between the Scheme's performance and that of its applicable Index. The Scheme will seek to achieve this objective by using a replication strategy such that the Scheme seeks to hold all of the securities of the applicable Index, with the approximate weightings as in that Index.

Changes to the composition and/or weighting of the securities constituting the Index which is tracked by a Scheme will ordinarily require that Scheme to make corresponding adjustments or rebalancings to its investments in order to seek to track the Index. The Investment Adviser will accordingly seek to rebalance the composition and/or weighting of the securities held by a Scheme from time to time to the extent practicable and possible to conform to changes in the composition and/or weighting of the Index. A Scheme may also, on occasion, hold securities which are not comprised in its Index where the Investment Adviser believes this to be appropriate in light of the investment objective and investment restrictions of the Scheme, or other factors. The potential for any such proposed investment by a Scheme will be disclosed in the Key Investor Information Document. Other rebalancing measures may be taken from time to time to seek to maintain the correspondence between the performance of a Scheme and the performance of the Index. For further details on the factors which may limit the ability of the Scheme to track the performance of an index exactly, Investors should also read the risk warning headed "Index Tracking Risk" in the section "Risk Characteristics of the Scheme". Information on the anticipated level of tracking error in respect of a Scheme can be found in the relevant Key Investor Information Document and information on the level of tracking error experienced by a Scheme will be contained in the most recent financial statements published by the Investment Adviser.

The Investment Adviser will rely solely on each Index Provider for information as to the composition and/or weighting of the securities that constitute each Index ("Index Securities"). If the Investment Adviser is unable to obtain or process such information in relation to any Index on any Business Day, then the most recently published composition and/or weighting of that Index will be used for the purpose of all adjustments. Because a passive investment strategy seeks to approximate an index return, the return will be determined by the return on the Index.

From time to time securities are added to or removed from the Index. The Manager may sell securities that are represented in the Index, or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.

A Scheme may at times purchase or sell futures contracts on the Index or other indexes or securities, or options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index. Such a Scheme might do so, for example, in order to increase its investment exposure pending investment of cash in the securities comprising the Index or as part of an index replication strategy. Alternatively, a Scheme might use such instruments to reduce its investment exposure in situations where it intends to sell a portion of the securities in its portfolio but the sale has not yet been completed. Use of futures or other derivatives allows a Scheme to be fully equitised while accommodating cash flows into and out of the Scheme and to equitise dividend receivables and other cash items to achieve closer tracking to the Index.

A Scheme's return may not match the return of the Index for a number of reasons. For example, there may be differences between withholding tax rates applicable to the Scheme compared to those used by the Index. In addition, the return on the securities and other investments selected by the Manager may not precisely match the return on the Index due to misweights and the substitution of securities or because the Index provider makes an error in the calculation of the Index

which is not subsequently corrected or because the Index provider makes an error in the calculation of the Index which is incorporated into the Scheme and the Index provider then restates the Index. A Scheme incurs a number of operating expenses not applicable to the Index, and incurs costs in buying and selling securities and margin costs in connection with its derivatives investments. A Scheme may not be fully invested at times, as a result of cash flows into or out of that Scheme. The return on the sample of securities purchased by the Manager, or futures or other derivative positions taken by a Scheme, to approximate the performance of the Index may not correlate precisely with the return on the Index.

Because a Scheme seeks to achieve a return based on the return of the Index, it will continue to pursue the investment strategies described above, even during times when the Manager expects the level of the Index to decline.

#### 9.4 **Principal Investments**

A Scheme will normally invest most of its assets in the shares of certain companies included from time to time in the Index of the relevant Scheme. That Scheme will not necessarily own all of the companies included in the Index. A Scheme may hold a portion of its assets in cash and cash instruments, including short-term investment vehicles managed by the Manager or an affiliate.

A Scheme may buy and sell equity-related futures contracts and options, and may enter into other exchange-traded and over-the-counter derivatives transactions, and a Lending Scheme may enter into securities lending agreements.

#### 9.5 **Liquidity**

Cash or near cash will generally not be held by a Scheme unless this may reasonably be regarded as necessary in order to enable:

- the pursuit of that Scheme's investment objectives;
- the redemption of Units;
- the efficient management of that Scheme in accordance with its investment objectives;
- other purposes which may reasonably be regarded as ancillary to the objectives of that Scheme.

Normally no more than 10% of the value of the property of a Scheme will comprise cash or near cash, although in exceptional circumstances this level may be exceeded.

#### 9.6 **Qualification**

The Manager's policy for achieving the investment objective of each Scheme includes ensuring that Units are and remain qualifying investments for the purpose of the UK UCITS Requirements.

#### 9.7 **Permitted types of property which may be included in the Schemes**

- (a) Transferable Securities and Approved Money Market Instruments.

These are transferable securities and money market instruments that are either admitted to or dealt in on an eligible market, as described below.

However, up to 10% in value of the property of a Scheme may be invested in transferable securities and approved money market instruments that do not meet these eligibility criteria.

Not more than 5% of the value of the property of a Scheme may normally be invested in transferable securities or money market instruments issued by any single body, but this limit may be increased to 10% of the value of the property of the relevant Scheme, provided that the total value of such securities exceeding the 5% limit does not exceed 40% of the value of the property of that Scheme. (Where it would be appropriate in relation to the investment objective of a Scheme to exceed the above limits recourse will normally be made to any available issue of another issuer which provides the required exposure).

Notwithstanding the preceding paragraph, (i) where the Manager considers it to be in the interests of a Scheme and (ii) provided the Index is sufficiently diversified, is a representative benchmark for the market to which it refers, and is published in an appropriate manner, **the Manager may invest up to 20% in value of that Scheme property in**

**shares and debt instruments issued by the same body.** This limit may be increased up to 35% in value of Scheme property but only in respect of one body and where justified by exceptional market conditions.

Not more than 20% of the value of the property of a Scheme may be invested in transferable securities or money market instruments issued by the same group.

A Scheme will not acquire more than 10% of the non-voting securities issued by a body corporate, more than 10% of the debt securities issued by any single body or more than 10% of the money market instruments issued by a single body.

Neither the Manager nor a Scheme will acquire transferable securities carrying voting rights issued by a body corporate if the acquisition, together with the aggregate of such securities already held by other authorised unit trusts managed by the Manager, enables the Manager to exercise or control 20% or more of the voting rights of the body corporate so as to have the power significantly to influence the body corporate's conduct of business.

#### *Eligible Securities and Derivatives Markets*

Markets which are regulated markets (as defined for the purposes of the FCA Handbook) or which are markets established in any EEA State which are regulated, operate regularly and are open to the public are deemed to be eligible markets under the Sourcebook. In addition, any securities or derivatives market may be treated as eligible where the Manager, after notification to and consultation with the Trustee, decides that the market is appropriate for investment of or dealing in the property of the relevant Scheme. The Trustee must have taken reasonable care to determine that adequate custody arrangements can be provided for the investments dealt on such markets and that all reasonable steps have been taken by the Manager in deciding whether that market is eligible. Any such market may not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and allows the unimpeded transmission of income or capital to investors.

The Manager has decided after consultation with and notification to the Trustee, that the following markets shall be treated as eligible markets:

1. A stock exchange or market in Australia, Brazil, Canada, Chile, China, Colombia, Egypt, Indonesia, India, Japan, Kuwait, Malaysia, Mexico, New Zealand, Pakistan, Peru, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United States of America, Hong Kong and Korea, which is regulated, operating regularly, recognised as a market or exchange or as a self-regulating organisation by a regulator, is open to the public and is adequately liquid.
2. A regulated stock exchange or market in the United Kingdom or any EEA State which operates regularly and is open to the public.
3. In relation to derivative instruments, the following markets:

##### Americas:

Nasdaq, Chicago Mercantile Exchange (CME), Chicago Board of Trade (CBOT), Chicago Board Options Exchange, Montreal Exchange (MX), NASDAQ, ICE Futures U.S. (ICE), Mexican Derivatives Exchange (MexDer), BM&F Bovespa

##### Asia:

China Financial Futures Exchange (CFFEX), Hong Kong Futures Exchange (HKFE), Bombay Stock Exchange (BSE), Metropolitan Stock Exchange of India Ltd, National Stock Exchange of India (NSE), Bursa Malaysia Derivatives Berhad, Tokyo Financial Exchange (TFX), Tokyo Stock Exchange, Taiwan Futures Exchange (TAIFEX), Thailand Futures Exchange (TFEX), Singapore Exchange (SGX) Osaka Securities Exchange (OSE), Korea Exchange (KRX), Eurex Asia

Australasia: ASX, NZX Derivatives

##### Europe:

Athens Derivative Exchange, IDEM, Borsa Istanbul, Budapest Stock Exchange (BSE), Eurex Deutschland, Eurex Zurich, Euronext Derivatives Amsterdam, Euronext Derivatives Brussels, Euronext Derivatives Paris, Euronext Derivatives Lisbon, ICE Futures Europe, MIEFF Exchange, Moscow Exchange, Nasdaq Copenhagen, Nasdaq Stockholm, Nasdaq Oslo, Nasdaq Helsinki, Oslo Bors, Warsaw Stock Exchange, London Stock Exchange – Derivatives Market, Euronext EQF

Africa/Middle East:  
Johannesburg Stock Exchange ('JSE') – Equity derivatives Market, Dubai Gold & Commodities Exchange,  
NASDAQ Dubai

(b) Warrants and Nil Paid and Partly Paid Securities

Warrants are transferable securities that can be converted into further transferable securities at a predetermined price.

Warrants may only be included in the property of a Scheme if (on certain assumptions) it is reasonably foreseeable that the right conferred by the warrant could be exercised by that Scheme without contravening certain rules in the Sourcebook.

A transferable security on which any sum is unpaid may only be included in the property of a Scheme if it is reasonably foreseeable that the amount of any call for the unpaid sum could be paid by that Scheme at the time when payment is required without contravening certain rules in the Sourcebook.

Warrants may be denominated in currencies other than the base currency of the relevant Scheme, and should a Scheme hold warrants that are so denominated, an element of risk in these currencies may be imported into the relevant Scheme.

Not more than 5% in value of the property of a Scheme may consist of warrants.

(c) Other Transferable Securities

Not more than 10% in value of the property of a Scheme may consist of transferable securities which are not approved securities. Approved securities are transferable securities which are admitted to official listing in the UK or an EEA State, or are traded in or under the rules of an eligible securities market (see *Eligible Securities and Derivatives Markets* above).

(d) Units in Collective Investment Schemes

Units in collective investment schemes which either:

- (i) meet the conditions necessary to enjoy the rights conferred by the UK UCITS Directive or the EU UCITS Directive; or
- (ii) are recognised under the provisions of section 270 of the Financial Services and Markets Act 2000; or
- (iii) are non-UCITS retail schemes or schemes authorised in the UK or an EEA state which meet certain criteria under the UK UCITS Directive; or
- (iv) are authorised by the competent authority of an OECD member country (other than the UK or an EEA State) which has:
  - (A) signed the IOSCO Multilateral Memorandum of Understanding and;
  - (B) approved the scheme's management company, rules and depositary/custody arrangementsand which meet certain criteria under the UK UCITS Directive.

Up to 10% of the property of a Scheme may consist of units in other collective investment schemes. These collective investment schemes may be UK UCITS schemes, EU UCITS schemes or other collective investment schemes which are not such UCITS schemes. To be eligible for investment, the terms of any collective investment scheme must prohibit more than 10% of its assets consisting of units in other collective investment schemes. A Scheme will not acquire more than 25% of the units of a collective investment scheme.

Subject to the rules in the Sourcebook the property of a Scheme may be invested in collective investment schemes which are managed or operated by (or if it is an Investment Company with Variable Capital, has as its Authorised Corporate Director) the Manager or an Associate of the Manager.

Investment may only be made in other collective investment schemes where the maximum annual management charge does not exceed 2%.

(e) Deposits

Deposits with an approved bank (as defined for the purpose of the Sourcebook) which are repayable on demand or have the right to be withdrawn, and which mature in no more than 12 months.

Not more than 20% of the value of the property of a Scheme may be deposited with a single body.

(f) Derivatives

Subject to compliance with the rules in the Sourcebook, the Manager may consider entering into derivative transactions for the purpose of meeting the investment objectives of a Scheme. Such transactions will principally be in futures and contracts for differences which, in the Manager's reasonable opinion, are appropriate in light of the investment objectives and policy of the relevant Scheme and the terms of this Prospectus. The Manager does not expect the use of derivatives to have a significant effect on the risk profile of a Scheme.

A Scheme may invest in derivatives and forward transactions as part of its investment policy provided its global exposure relating to derivatives and forward transactions held in the Scheme does not exceed the Net Asset Value of the Scheme's property; and the Scheme's exposure to the underlying assets does not exceed the investment limits laid down in this Clause 9.7 and the FCA Handbook.

The Manager currently uses derivatives only for the purpose of efficient portfolio management and not for meeting the investment objectives of any of the Schemes.

(g) Efficient Portfolio Management

The Schemes may use Scheme property to enter into transactions for the purposes of efficient portfolio management ("EPM"). Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Lending Schemes entering into securities lending transactions. The Manager must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates); or (ii) the reduction of the relevant costs; and/or (iii) the generation of additional capital or income for the Schemes with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in the FCA Handbook.

There is no guarantee that the Schemes will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Schemes) the risk of loss to the Schemes may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.

In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Schemes. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Schemes. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Lending Schemes.

The Lending Schemes receive collateral in relation to securities lending transactions and section 16 of the Prospectus provides details of the collateral that is accepted in relation to such transactions.

Investors should note that EPM transactions may be effected in relation to the Schemes in circumstances where the Manager or the Investment Adviser has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Schemes. Where a conflict cannot be avoided, the Manager and the Investment Adviser will have regard to their responsibility to act in the best interests of the Schemes and their investors. The Manager and the Investment Adviser will ensure that the Schemes and their investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Schemes than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.

All revenues arising from EPM transactions will be returned to the Schemes, net of direct and indirect operational costs and fees.

(h) Other Investment limits

Not more than 20% of the value of the property of a Scheme may be invested in any combination of two or more of the following:

- (i) transferable securities or money market instruments issued by; or
- (ii) deposits made with; or
- (iii) exposures from OTC derivatives transactions made with;

a single body.

(i) Calculation of global exposure

The Manager must calculate the global exposure of each Scheme on at least a daily basis. The Manager must calculate the global exposure of any Scheme it manages either as:

- (a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in the Sourcebook), which may not exceed 100% of the net value of the Scheme's property; or
- (b) the market risk of the Scheme's property.

For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The Manager must calculate the global exposure of a Scheme by using the commitment approach or the value at risk approach. The Manager must ensure that the method selected is appropriate, taking into account the investment strategy pursued by the Scheme, the types and complexities of the derivatives and forward transactions used, and the proportion of the Scheme property comprising derivatives and forward transactions. The Manager currently calculates the global exposure of a Scheme using the commitment approach.

Where a Lending Scheme employs stock lending transactions in accordance with paragraph 15 below in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.

For the purposes of this paragraph "value at risk" means a measure of the maximum expected loss at a given confidence level over a specific time period.

## 9.8 Borrowing

The Trustee may, on the instructions of the Manager, borrow from an eligible institution or approved bank (as each is defined for the purposes of the Sourcebook) up to 10% of the value of the property of a Scheme. Such borrowing, which will be repayable out of the property of that Scheme, may only be on a temporary basis and must not be persistent. The duration of any borrowing must not exceed 3 months unless the Trustee so consents. Such consent may only be given by the Trustee on such conditions as appear to the Trustee to be appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

## 9.9 Supplemental information

The Manager will, upon request from a Unitholder, provide supplemental information as to:

- (a) the quantitative limits applying in the risk management of a Scheme;
- (b) the methods used in relation to (a) above; and
- (c) any recent development of the risk and yields of the main categories of investment of a Scheme.



## 9.10 Longer-term investment

The Schemes are designed and managed to support longer-term investment and active trading into or out of a Scheme is discouraged. Short-term or excessive trading into and out of a Scheme may harm performance by disrupting the investment management strategy and by increasing expenses. The Manager may at its discretion refuse to accept applications for, or conversion of, Units, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Schemes. For these purposes, the Manager may consider an investor's trading history in the particular Scheme or other funds managed by the Manager and accounts under common ownership or control.

## 9.11 Benchmark Contingency Plan

Unitholders should note that, in accordance with the requirements of 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 (as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018) (the "**Benchmark Regulation**"), the Manager has adopted a benchmark contingency plan to set out the actions which the Manager would take in the event that a benchmark used by Scheme materially changes or ceases to be provided (the "**Benchmark Contingency Plan**"). Actions taken by the Manager under the Benchmark Contingency Plan may result in changes to the investment objectives or investment policies of a Scheme and any such changes will be implemented in accordance with the requirements of the FCA and the terms of this Prospectus.

For further details of the benchmark applicable to a Scheme, please refer to Clause 9.1, above.

## 10. CHARACTERISTICS OF UNITS IN THE SCHEMES

Currently only Accumulation Units are available in respect of each of the Schemes. The Manager may make other classes of Unit available in due course with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new Class, a revised Prospectus will be prepared, setting out the details of each Class.

Holders of Accumulation Units are not entitled to be paid the income attributed to such Units, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Scheme. This is reflected in the price of an Accumulation Unit.

The register of Unitholders of each Scheme is conclusive evidence of the title to Units except in the case of any default in payment or transfer to the relevant Scheme of cash or other property due and the Trustee and the Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the Units.

Certificates will not be issued in respect of Units.

The interest of a Unitholder is that of a beneficiary under a trust.

The Trustee or the Manager may, at any time, convene a meeting of Unitholders. The Trustee must, on the request in writing of Unitholders registered as holding not less than one tenth in value of the Units in issue, convene a meeting of Unitholders. Subject to the rules in the Sourcebook, a meeting of Unitholders, duly convened, is competent to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the rules of the FCA.

A quorum at a meeting of Unitholders is two Unitholders present, in person or by proxy or, in the case of a body corporate, by a duly authorised representative. If a quorum is not present the meeting will stand adjourned and at the following adjourned meeting, if a quorum is not present within 15 minutes from the appointed time for such meeting, one person present and entitled to be counted in a quorum will constitute a quorum.

At a meeting of Unitholders a resolution put to the vote will be decided on a show of hands unless a poll is demanded by the chairman, by the Trustee or by at least two Unitholders present in person or by proxy. The entitlement to vote at any meeting of Unitholders is in accordance with the Sourcebook. On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by its duly authorised representative has one vote. On a poll every Unitholder who is present in person or by proxy or (being a corporation) is present by its duly authorised representative has one vote for every undivided Unit and a further part of one vote proportionate to any fraction of an undivided Unit. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint Unitholders the vote of the first named in the register who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint Unitholders.

The Manager and any Associate may hold Units and are entitled to receive notice of and attend any meeting. However, the Manager is not entitled to vote or be counted in the quorum and its Units are not regarded as being in issue in relation to such meetings. An Associate of the Manager may be counted in the quorum and may only vote in respect of Units he holds on behalf of a person who, if himself the registered Unitholder, would be entitled to vote and from whom he has received voting instructions.

No objection may be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting will be valid for all purposes. Any such objection will be referred to the chairman of the meeting whose decision will be final and conclusive.

An instrument appointing a proxy must be in writing in any usual or common form or in any other form which the Manager may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument appointing the proxy pursuant to the next following paragraph, failing which the instrument may be treated as invalid.

An instrument appointing a proxy must be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the Manager's head office) within forty-eight hours prior to the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

A vote cast by proxy will not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of the title to the Units concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation has been received by the Manager at its head office by the time which is two hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

## **11. RISK CHARACTERISTICS OF THE SCHEMES**

The risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in any Scheme may be exposed to risks of an exceptional nature from time to time.

The following are important risk factors and potential investors should consider them before investing in a Scheme.

### **11.1 General**

Each Scheme is designed as a long-term investment. A Scheme does not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that a Scheme will achieve its investment objective. A Scheme may lose money.

There are inherent risks in investment markets. Security prices are subject to market fluctuations and can move irrationally and be unpredictably affected by many and various factors including political and economic events and rumours. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive less than the original amount invested.

No asset or financial instrument will allow an Index to be automatically replicated and, in particular, a Scheme's ability to replicate its Index's performance may be further impeded in the event of a temporary unavailability of certain securities comprising that Index or because of exceptional circumstances that may distort the weightings of that Index. The changes made to Scheme property and the changing weightings of the relevant Index may bring about various transaction and other costs and the total return generated by investments in the securities comprising the relevant Index may be reduced because of certain costs and expenses that are not included in the calculation of the Index return.

**It is important to note that past performance is not a guide to future returns or growth.**

Investors will need to decide whether or not an investment vehicle of this nature is appropriate for their requirements.

## **11.2 Basis Risk**

A Scheme may gain exposure to an underlying asset by investing directly into that asset, or by purchasing a derivative instrument that is expected (but not guaranteed) to provide the same returns as the underlying asset. Basis Risk occurs when the returns provided by the derivative instrument deviate from the returns of the underlying asset.

## **11.3 Cash Position Risk**

A Scheme may hold a significant portion of its assets in cash or cash equivalents in the Investment Adviser's discretion. If a Scheme holds a significant cash position, its investment returns may be adversely affected, and such Scheme may not achieve its investment objective.

## **11.4 Charges (Management and other Charges)**

Where appropriate, the Manager's initial charge and any other charges (if applicable) are added to the cost of Units. Hence Unitholders, having paid such charges, who redeem their Units in the short term may not (even in the absence of a fall in the value of the relevant Units) realise the original amount invested.

## **11.5 Client Assets – Insolvency of Trustee Risk**

The Trustee has a duty to ensure that it safeguards and administers the Schemes' property in compliance with the provisions of the FCA Handbook governing the protection of client assets ("Client Asset Rules"). Where investors pass money to the Trustee or its agent for the purpose of creating Units in a Scheme, the Trustee or its agent will hold that money on deposit as banker and not as Trustee and therefore not be under a duty to comply with the provisions of the FCA Handbook on holding money ("Client Money") received in the course of designated investment business ("Client Money Rules"). Further, the Trustee will hold money for the purpose of buying investments or the proceeds of the sale of investments ("Scheme Money") as banker and not as Trustee. The Scheme Money will not therefore be protected under the Client Asset Rules. Moreover, with respect to handling the Schemes' property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the Schemes' property may not be protected under the Client Asset Rules. In the event that the Trustee becomes insolvent or otherwise fails, there is a risk of loss or delay in return of (a) any Client Money; and (b) any Scheme property.

## **11.6 Conflicts of Interest Risk**

An investment in a Scheme may be subject to a number of actual or potential conflicts of interest. Subject to applicable law, a Scheme may engage in transactions that may trigger or result in a potential conflict of interest. For example: the Manager or its affiliates may provide services to the Scheme, such as securities lending agency services, custodial, administrative, bookkeeping, and accounting services, transfer agency, and unitholder servicing, and other services for which the Scheme would compensate the Manager and/or such affiliates.

A Scheme may enter into securities transactions with the Manager or an affiliate of the Manager where the Manager or an affiliate acts as agent for a Scheme in connection with the purchase or sale of securities, or as principal, where the Manager or an affiliate sells securities to a Scheme or buys securities from a Scheme for its own account.

The Manager or an affiliate on behalf of the Scheme may enter into repurchase agreements and derivatives transactions with or through the Manager or one of its affiliates.

A Scheme may invest in other pooled investment vehicles sponsored, managed, or otherwise affiliated with the Manager, in which event the Scheme may not be charged subscription or redemption fees on account of such investment but will bear a share of the expenses of those other pooled investment vehicles. Those investment vehicles may pay fees and other amounts to the Manager or its affiliates, which might have the effect of increasing the expenses of the Scheme. It is possible that other clients of the Manager or its affiliates will purchase or sell interests in such other pooled investments at prices and at times more favourable than those at which the Scheme does so. Please note, for investments into money market funds managed by the Manager or an affiliate, mandated redemption fees may be imposed under Money Market Fund Regulations.

There is no assurance that the rates at which the Scheme pays fees or expenses to the Manager or its affiliates, or the terms on which it enters into transactions with the Manager or its affiliates or on which it invests in any such other investment vehicles will be the most favourable available in the market generally or as favourable as the rates the Manager makes

available to other clients. There will be no independent oversight of prices, fees or expenses paid to, or services provided by, the Manager or its affiliates. Because of its financial interest, the Manager or its affiliates may have an incentive to enter into transactions or arrangements on behalf of the Scheme with itself or its affiliates in circumstances where it might not have done so in the absence of that interest. Transactions and services with or through the Manager or its affiliates will, however, be effected in accordance with the applicable regulatory requirements.

The Manager and its affiliates serve as investment manager to other clients and may make investment decisions for their own accounts and for the accounts of others that may be different from those that will be made by the Manager or its affiliates on behalf of a Scheme. For example, the Manager or its affiliates may provide asset allocation advice to some clients that may include a recommendation to invest or redeem from a particular issuer or fund while not providing that same recommendation to all clients invested in the same or similar issuers.

Other conflicts may arise, for example, when clients of the Manager or its affiliates invest in different parts of an issuer's capital structure, so that one or more clients own senior debt obligations of an issuer and other clients own junior debt of the same issuer, as well as circumstances in which clients invest in different tranches of the same structured financing vehicle. In such circumstances, decisions over whether to trigger an event of default or over the terms of any workout may result in conflicts of interest. When making investment decisions where a conflict of interest may arise, the Manager will endeavour to act in a fair and equitable manner, in accordance with its conflicts of interest policy, as between the relevant Scheme and other clients. Subject to the foregoing, (i) the Manager and its affiliates may invest for their own accounts and for the accounts of clients in various securities that are senior, pari passu or junior to, or have interests different from or adverse to, the securities that are owned by a Scheme; and (ii) subject to applicable law, the Manager and its affiliates may, at certain times, simultaneously seek to purchase (or sell) investments for the Scheme and to sell (or purchase) the same investment for accounts, funds or structured products for which it, or its affiliates, serve as investment manager now or in the future, or for other clients or affiliates and may enter into cross trades in such circumstances.

In addition, the Manager and its affiliates may buy securities from or sell securities to a Scheme, if permitted by applicable law. These other relationships may also result in securities laws restrictions on transactions in these instruments by a Scheme and otherwise create potential conflicts of interest for the Manager and its affiliates.

The Manager and its affiliates, in connection with its other business activities, may acquire material non-public confidential information that may restrict the Manager or its affiliates from purchasing securities or selling securities for itself or its clients (including a Scheme) or otherwise using such information for the benefit of its clients or itself.

There is no prohibition on the Depositary, the Manager, the Investment Adviser or any other party related to a Scheme acting as valuer for the purposes of determining the probable realisation value of an asset of the Scheme in accordance with the valuation provisions outlined in the "Determination of the value of the Schemes" section of this Prospectus. Unitholders should note however, that in circumstances where fees payable by a Scheme to such parties are calculated based on the Net Asset Value, a conflict of interest may arise as such fees will increase if the Net Asset Value increases. Any such party will endeavour to ensure that such conflicts are resolved fairly and in the best interest of the Unitholders.

The Scheme will require the Investment Adviser to provide best execution when executing orders or transmitting orders on behalf of the Scheme. The Investment Adviser will take all sufficient steps to obtain, when executing orders or transmitting orders on the Scheme's behalf, the best possible result for the Scheme, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to execution of the order. In determining what constitutes best execution, the Investment Adviser may consider additional factors they deem relevant, including but not limited to, the breadth of the market in the security, the financial condition and execution capability of the broker or dealer and the reasonableness of the commission, if any, for the specific transaction, on a continuing basis. When executing or transmitting orders on behalf of the Scheme, the Investment Adviser will take into account any specific instruction from the Manager regarding execution of the order.

A director of the Manager (a "Director") may be a party to, or otherwise interested in, any transaction or arrangement with a Scheme or in which a Scheme is interested, provided that she/he has disclosed to the other Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

The foregoing does not purport to be a comprehensive list or complete explanation of all potential conflicts of interests which may affect the Scheme. A Scheme may encounter circumstances, or enter into transactions, in which conflicts of interest that are not listed or discussed above may arise.

## 11.7 Counterparty Risk

Each Scheme will be subject to credit risk with respect to the counterparties with which such Scheme enters into derivatives contracts foreign exchange, currency forward contracts and other transactions such as repurchase agreements or reverse repurchase agreements. The Scheme's ability to profit from these types of investments and transactions will depend on the willingness and ability of its counterparty to perform its obligations. If a counterparty fails to meet its contractual obligations, the Scheme may be unable to terminate or realize any gain on the investment or transaction, resulting in a loss to the Scheme. The Scheme may experience significant delays and expenses in obtaining any recovery in an insolvency, bankruptcy, or other reorganization proceeding involving its counterparty (including recovery of any collateral posted by it) and may obtain only a limited recovery or may obtain no recovery in such circumstances. If the Scheme holds collateral posted by its counterparty, it may be delayed or prevented from realizing on the collateral in the event of a bankruptcy or insolvency proceeding relating to the counterparty. Contractual provisions and applicable law may prevent or delay the Scheme from exercising its rights to terminate an investment or transaction with a financial institution experiencing financial difficulties, or to realize on collateral, and another institution may be substituted for that financial institution without the consent of the Scheme. If the credit rating of a derivatives counterparty declines, the Scheme may nonetheless choose or be required to keep existing transactions in place with the counterparty, in which event the Scheme would be subject to any increased credit risk associated with those transactions.

Under applicable law or contractual provisions, including if a Scheme enters into an investment or transaction with a financial institution and such financial institution (or an affiliate of the financial institution) experiences financial difficulties, the Scheme may in certain situations be prevented or delayed from exercising its rights to terminate the investment or transaction, or to realize on any collateral and may result in the suspension of payment and delivery obligations of the parties under such investment or transactions or in another institution being substituted for that financial institution without the consent of the Scheme. Further, the Scheme may be subject to "bail-in" risk under applicable law whereby, if required by the financial institution's authority, the financial institution's liabilities could be written down, eliminated or converted into equity or an alternative instrument of ownership. A bail-in of a financial institution may result in a reduction in value of some or all of its securities and a Scheme that holds such securities or has entered into a transaction with such a financial security when a bail-in occurs may also be similarly impacted.

OTC derivatives have similar risks as described above and may also be subject to the risk that a contract will be cancelled, e.g. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC derivative contract.

## 11.8 Currency Risk

Investments in issuers in different countries are often denominated in currencies different from a Scheme's base currency. Changes in the values of those currencies relative to the Scheme's base currency may have a positive or negative effect on the values of the Scheme's investments denominated in those currencies. The values of other currencies relative to the Scheme's base currency may fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency or capital controls, and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments.

## 11.9 Cybersecurity Risk

With the increased use of technologies such as the Internet and the dependence on computer systems to perform business and operational functions, funds (such as the Schemes) and its service providers (including the Manager and the Investment Adviser) may be prone to operational and information security risks resulting from cyber-attacks and/or technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Schemes, the Manager, the Investment Adviser, the Depositary, a sub-custodian or other affiliated or third-party service providers may adversely affect the Schemes or its Unitholders. For instance, cyber-attacks or technical malfunctions may interfere with the processing of Unitholders' or other transactions, affect a Scheme's ability to calculate its Net Asset Value, cause the release of private Unitholder information or confidential Scheme information, impede trading, cause reputational damage, and subject the Schemes to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. Cyber-attacks or technical malfunctions may render records of Scheme assets and transactions, Unitholder ownership of Scheme Units, and other data integral to the functioning of each Scheme inaccessible or inaccurate or incomplete. The Scheme may also incur substantial costs for cybersecurity risk management in order to prevent cyber incidents in the future. The Schemes and their Unitholders could be negatively impacted as a result. While the Manager, Investment Adviser and Depositary have established business continuity plans and systems designed to

minimize the risk of cyber-attacks through the use of technology, processes and controls, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified given the evolving nature of this threat. The Schemes rely on third-party service providers for many of its day-to-day operations, and will be subject to the risk that the protections and protocols implemented by those service providers will be ineffective to protect the Schemes from cyber-attack. Similar types of cybersecurity risks or technical malfunctions also are present for issuers of securities in which a Scheme invests, which could result in material adverse consequences for such issuers, and may cause the Scheme's investment in such securities to lose value.

### **11.10 Depositary and Custodial Risk**

There are risks involved in dealing with the Depositary, sub-custodians or brokers who hold a Scheme's investments or settle a Scheme's trades. The Depositary will hold assets in compliance with applicable laws (including but not limited to the UK UCITS Requirements) and such specific provisions as agreed in the Depositary Services Agreement. Such requirements are designed to safe keep the assets and provide certain protections against losses including losses from the insolvency of the Depositary or any-sub-custodian but there is no guarantee they will successfully do so.

In certain circumstances, it is possible that, in the event of the insolvency or bankruptcy of a sub-custodian or broker, the Scheme would be delayed or prevented from recovering its assets from the sub-custodian or broker, or its estate, and may have only a general unsecured claim against the sub-custodian or broker for those assets.

### **11.11 Depositary Receipts Risk**

A Scheme may invest in American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs"). ADRs are typically trust receipts issued by a U.S. bank or trust company that evidence an indirect interest in underlying securities issued by a foreign entity. GDRs, EDRs, and other types of depositary receipts are typically issued by international banks or financial institutions to evidence an interest in underlying securities issued by either a U.S. or a non-U.S. entity. Investments in depositary receipts may be less liquid and more volatile than the underlying securities in their primary trading market. If a depositary receipt is denominated in a different currency than its underlying securities, an investing Scheme will be subject to the currency risk of both the investment in the depositary receipt and the underlying security. There may be less publicly available information regarding the issuer of the securities underlying a depositary receipt than if those securities were traded directly. Depositary receipts may or may not be sponsored by the issuers of the underlying securities, and information regarding issuers of securities underlying unsponsored depositary receipts may be more limited than for sponsored depositary receipts. The values of depositary receipts may decline for a number of reasons relating to the issuers or sponsors of the depositary receipts, including, but not limited to, insolvency of the issuer or sponsor. Holders of depositary receipts may have limited or no rights to take action with respect to the underlying securities or to compel the issuer of the receipts to take action.

### **11.12 Derivatives Risk**

The Schemes may use derivative instruments for both efficient portfolio management and for investment purposes. A Scheme's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities.

A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset, interest rate, or index. Derivative transactions typically involve leverage and may have significant volatility. It is possible that a derivative transaction will result in a loss greater than the principal amount invested, and the Scheme may not be able to close out a derivative transaction at a favourable time or price. Risks associated with derivative instruments include potential changes in value in response to interest rate changes or other market developments or as a result of the counterparty's credit quality; the potential for the derivative transaction not to have the effect the Investment Adviser anticipated or a different or less favourable effect than the Investment Adviser anticipated; the failure of the counterparty to the derivative transaction to perform its obligations under the transaction or to settle a trade; possible mispricing or improper valuation of the derivative instrument; imperfect correlation in the value of a derivative with the asset, currency, rate, or index underlying the derivative; the risk that the Scheme may be required to post collateral or margin with its counterparty, and will not be able to recover the collateral or margin in the event of the counterparty's insolvency or bankruptcy; the risk that the Scheme will experience losses on its derivatives investments and on its other portfolio investments, even when the derivatives investments may be intended in part or entirely to hedge those portfolio investments; the risks specific to the asset underlying the derivative instrument; lack of liquidity for the derivative instrument, including without limitation absence of a secondary trading market; the potential for reduced returns to the Scheme due to losses on the transaction and an increase in volatility; the potential for the derivative transaction to have the effect of accelerating the recognition of gain; and legal risks arising from the documentation relating to the derivative transaction.

### **11.13 Emerging Markets Risk**

Investments in emerging markets are generally subject to a greater risk of loss than investments in developed markets. This may be due to, among other things, the possibility of greater market volatility, lower trading volume and liquidity, greater risk of expropriation, nationalization, and social, political and economic instability, greater reliance on a few industries, international trade or revenue from particular commodities, less developed accounting, legal and regulatory systems, higher levels of inflation, deflation or currency devaluation, risk that the country will limit or prevent the conversion or repatriation of amounts denominated in that country's currency, risk that it may not be possible to undertake currency hedging techniques, greater risk of market shut down, and more significant governmental limitations on investment policy as compared to those typically found in a developed market.

In addition, issuers (including governments) in emerging market countries may have less financial stability than in other countries. The securities of emerging market companies may trade less frequently and in smaller volumes than more widely held securities and may have significant price volatility and thus the accumulation and disposal of holdings may be more expensive, time-consuming and generally more difficult than in more developed markets. Further, given the lack of an adequate regulatory structure, it is possible that securities in which investments are made may be found to be fraudulent.

Market disruptions (including, but not limited to, war, terrorism and related geopolitical events, changes in foreign and domestic economic and political conditions) or substantial market corrections may limit very significantly the liquidity of securities of certain companies in a particular country or geographic region, or of all companies in the country or region. In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to the Scheme because, for example, the maximum permitted number of or aggregate investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Scheme may be unable to liquidate its positions in such securities at any time, or at a favourable price, in order to meet the Scheme's obligations. As a result, there will tend to be an increased risk of price volatility in investments in emerging market countries, which may be magnified by currency fluctuations relative to the Scheme's base currency.

Settlement and asset custody practices for transactions in emerging markets may differ and may be less developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. Such differences may include possible delays in settlement and certain settlement practices, such as delivery of securities prior to receipt of payment, which increase the likelihood of a "failed settlement." Failed settlements can result in losses. Custodial services are often more expensive and other investment-related costs higher in emerging countries than in developed countries.

For these and other reasons, investments in emerging markets are often considered speculative and losses may be incurred.

### **11.14 EMIR and OTC Derivatives contract Risk**

As a result of the European regulation commonly referred to as the European Market Infrastructure Regulation or "EMIR", including as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018, over the counter (OTC) Derivatives markets have been and will be subject to significant regulation, potentially including, without limitation, increased margin requirements, mandatory reporting, centralised clearing and execution of transactions. These regulations may result in increased costs, reduced profit margins and reduced investment opportunities, all of which may negatively impact the performance of the Schemes.

EMIR imposes certain requirements to collateralise derivative transactions that are not cleared through a clearing house or traded on an exchange, including FX forward transactions and certain OTC Derivatives. As a result, collateral may need to be exchanged between a Scheme and trading counterparties to cover daily mark-to-market exposures of either party under an FX forward transaction and certain OTC derivatives. This may necessitate the amendment of the Scheme's existing OTC derivative contracts which would result in additional costs. The variation margin rules will also require certain haircuts to be applied to collateral received for OTC derivative contracts, which will vary depending on the issuer, credit rating, currency and residual maturity of the collateral. As the variation margin rules are likely to result in an increase in the level of its assets which a Scheme will be required to retain in cash or very liquid assets in order to have available for use as collateral, this could result in a reduced proportion of the Scheme's assets being available for allocation to the Scheme's investment policy and, consequently, an increase in the potential tracking error for the Scheme.

While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods. As a consequence, it is as yet unclear how the derivatives markets will adapt to the new regulatory regime.

Accordingly, it is difficult to predict the full impact of EMIR on the Schemes, although this may include an increase in the overall costs of entering into and maintaining OTC derivative contracts.

### 11.15 Equity Investing Risk

The market prices of equity securities owned by a Scheme may go up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements, and reduced demand for the issuer's goods or services. The values of equity securities also may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A Scheme may invest in equity warrants, and the holding of warrants may result in increased volatility of that Scheme's Net Asset Value per share. A Scheme may continue to accept new subscriptions and to make additional investments in equity securities even under general market conditions that the Manager views as unfavourable for equity securities.

### 11.16 Errors, Error Correction Policies and Unitholder Notification

The Manager, in consultation with the Depositary, will consider any breaches of investment objective, policies or restrictions and any errors in the calculation of the Net Asset Value of the Schemes or the processing of subscriptions and redemptions in order to determine whether corrective action is necessary or compensation is payable to the Schemes or the Unitholders.

The Manager, may, in consultation with the Depositary, authorise the correction of errors, which may impact the processing of subscriptions for and redemptions of Units. The Manager and Depositary may follow materiality policies with respect to the resolution of errors that may limit or restrict when corrective action would be taken or when compensation to the Schemes or Unitholders will be paid. In addition, subject to policies approved by the Manager and Depositary consistent with applicable law, not all mistakes will result in compensatable errors. Accordingly, Unitholders who purchase or redeem Units during periods in which compensatable errors or other mistakes accrue or occur may not be recompensed in connection with the resolution of a compensatable error or other mistake.

Unitholders may not be notified of the occurrence of any error or the resolution thereof unless the correction of the error requires an adjustment to the number of Units they hold or Net Asset Value at which such Units were issued, or to the redemption monies paid to such Unitholder.

### 11.17 ESG Criteria in Index Methodology Risk

11.18 If a Scheme is managed against an Index that incorporates any environmental, social and corporate governance (ESG) criteria in the methodology for determining the index constituents (a "Reference Index"), this may cause the Scheme to make different investments to funds that are not managed against such an Index. A Scheme that is managed against a Reference Index may forgo higher returning investments as a result of the application of the relevant ESG criteria in determining the index constituents. A Scheme which is managed against a Reference Index may invest in companies that do not reflect the beliefs and values of any particular investor. ESG screens and standards are a developing area and the ESG screens applied by the Index Provider may evolve and change over time. **Financial Institution Risk:**

Some instruments in which a Fund directly or indirectly invests are issued or guaranteed by financial institutions, such as banks and brokers, or are collateralised by securities issued or guaranteed by financial institutions. Changes in the creditworthiness of any of these institutions may adversely affect the values of instruments of issuers in financial industries. Financial institutions may be particularly sensitive to certain economic factors such as interest rate changes, adverse developments in the real estate market, fiscal and monetary policy and general economic cycles. Adverse developments in banking and other financial industries may cause a Fund to underperform relative to other funds that invest more broadly across different industries or have a smaller exposure to financial institutions. Changes in governmental regulation and oversight of financial institutions may have an adverse effect on the financial condition or the earnings or operations of a financial institution and on the types and amounts of businesses in which a financial institution may engage. An investor may be delayed or prevented from exercising certain remedies against a financial institution.

### 11.19 Frequent Trading/Portfolio Turnover Risk

A Scheme may engage in active and frequent trading of its portfolio securities. Scheme turnover generally involves a number of direct and indirect costs and expenses to the Scheme, including, for example, brokerage dealing commissions, dealer mark-ups and bid/asked spreads, and transaction costs on the sale of securities and reinvestment in other securities. The costs related to increased portfolio turnover have the effect of reducing the Scheme's investment return



and the sale of securities by a Scheme may result in the realisation of taxable capital gains, including short term capital gains. Frequent trading can also result in increased tax liability for the trading Scheme.

### **11.20 Geographic Concentration Risk**

A Scheme that invests its assets in a small number of countries, or in a particular geographic region or regions will be more closely tied to market, currency, economic, political, environmental, or regulatory conditions and developments in the countries or regions in which the Scheme invests, and consequently its performance may be more volatile than the performance of a more geographically-diversified fund.

### **11.21 Inflation Risk**

Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the values of a Scheme's assets can decline.

### **11.22 Index Licensing Risk**

It is possible that the license under which the Investment Adviser or the applicable Scheme is permitted to replicate or otherwise use an index will be terminated or may be disputed, impaired or cease to remain in effect. In such a case, the Investment Adviser may be required to replace the index with another index which it considers to be appropriate in light of the investment strategy of the applicable Scheme. The use of and/or transition to any such substitute index may have an adverse impact on such Scheme's performance. In the event that the Investment Adviser is unable to identify a suitable replacement for the relevant index, the Scheme may be closed.

### **11.23 Index Error Risk**

If a Scheme has the investment objective to seek to track the performance of index as published by the relevant index provider, there is a risk that the index provider will not compile or calculate the index accurately. Although the index provider provides descriptions of what the index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to any error relating to the index, including any error in respect of the quality, accuracy or completeness of index data, and does not guarantee that the index will be in line with the described index methodology. The Manager does not provide any warranty or guarantee for index provider errors and does not have any responsibility for the identification or correction of such errors. Errors in respect of the quality, accuracy and/or completeness of index data may occur from time to time and may not be identified and corrected for a period of time. Gains, losses or costs associated with index provider errors will be borne by the Scheme and its investors. For example, during a period where the index contains incorrect constituents, a Scheme tracking such published index would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the index. Therefore, such errors may result in a negative or positive performance impact to the Scheme and its investors. Any gains from index provider errors affecting the Scheme will be kept by the Scheme and its investors and any losses resulting from such index provider errors will be borne by the Scheme and its investors.

### **11.24 Index Tracking Risk**

The investment objective of certain Schemes will be to track the performance of a specified index. While the Investment Adviser seeks to track the performance of the index (i.e., achieve a high degree of correlation with the index), a Scheme's return may not match the return of the specified index for a number of reasons. For example, the return on the sample of securities purchased by the Scheme) to replicate the performance of the index may not correlate precisely with the return of the index. The Scheme incurs a number of operating expenses not applicable to the index, and incurs costs in buying and selling securities. In addition, the Scheme may not be fully invested at times, either as a result of cash flows into or out of the Scheme or reserves of cash held by the Scheme to meet redemptions. Changes in the composition of the index and regulatory requirements also may impact the Scheme's ability to match the return of the specified index. The Investment Adviser may apply one or more "screens" or investment techniques to refine or limit the number or types of issuers included in the index in which the Scheme may invest. Application of such screens or techniques may result in investment performance below that of the index and may not produce results expected by the Investment Adviser. Index tracking risk may be heightened during times of increased market volatility or other unusual market conditions.

### **11.25 Index Risk/Passive Strategy**

Certain Schemes are managed with an indexed investment strategy, attempting to track the performance of an unmanaged index of securities. Such Scheme will seek to replicate index returns regardless of the current or projected performance of the index or of the actual securities comprising the index. The Scheme generally will buy and will not sell a security included in the index as long as the security is part of the index regardless of any sudden or material decline in

value or foreseeable material decline in value of the security, even though the Investment Adviser may make a different investment decision for other managed accounts or portfolios that hold the security. As a result, an index managed Scheme's performance may be less favourable than that of a portfolio managed using an active investment strategy. The structure and composition of the index will affect the performance, volatility and risk of the Index (in absolute terms and by comparison with other indices) and, consequently, the performance, volatility and risk of the relevant Scheme. Such Scheme's performance may not match that of the index. This differs from an actively-managed fund, which typically seeks to outperform an Index.

### **11.26 Index Risk**

It is possible that an index referenced by the Investment Adviser in relation to any Scheme or underlying asset will be terminated or may be disputed, impaired or cease to remain in effect. In such a case, the Investment Adviser may be required to replace the referenced index with another index which it considers to be appropriate in light of the investment strategy of the applicable Scheme and the purpose of such referencing. The use of and/or transition to any such substitute index may have an adverse impact on such Scheme's performance. In the event that the Investment Adviser is unable to identify a suitable replacement for the relevant index, the Scheme may be closed.

### **11.27 Investment Risk**

Investment risk includes the possible loss of the entire principal amount that you invest. Your investment in a Scheme represents an indirect investment in the securities owned by that Scheme. The values of these securities may increase or decrease, at times rapidly and unexpectedly. Your investment in a Scheme may at any point in the future be worth less than your original investment.

### **11.28 Investments in Multiple Countries Risk**

Investments in securities of companies from multiple countries and/or securities of companies with significant exposure to multiple countries, and exposure to various currencies can involve additional risks relating to market, economic, political, or regulatory conditions and developments as well as additional costs. Political, social, and economic instability, the imposition of currency or capital controls, or the expropriation or nationalisation of assets in a particular country can cause dramatic declines in that country's economy and affect a Scheme's investments exposed to such country. Investing in multiple countries creates operational risks due to different systems, procedures and requirements in a particular country, different accounting, auditing, financial reporting, legal standards and practices and varying laws regarding withholding and other taxes. Enforcing legal rights can be difficult, costly, and slow in some countries, and can be particularly difficult against governments. Additional risks of investing in various countries include trading, settlement, custodial, and other operational risks, and withholding and other taxes. These factors can make investments in multiple countries, especially those in emerging markets, more volatile and less liquid than investments in a single country. In addition, markets in various countries can each react differently to market, economic, political, or regulatory developments.

Markets in different countries have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions. Delays in settlement may increase credit risk to a Scheme, limit the ability of the Scheme to reinvest the proceeds of a sale of securities, hinder the ability of the Scheme to lend its portfolio securities and potentially subject the Scheme to penalties for its failure to deliver to on-purchasers of securities whose delivery to the Scheme was delayed. Delays in the settlement of securities purchased by the Scheme may limit the ability of the Scheme to sell those securities at times and prices it considers desirable and may subject the Scheme to losses and costs due to its own inability to settle with subsequent purchasers of the securities from it. The Scheme may be required to borrow monies it had otherwise expected to receive in connection with the settlement of securities sold by it, in order to meet its obligations to others. Limits on the ability of the Scheme to purchase or sell securities due to settlement delays could increase any variance between the Scheme's performance and that of its index.

In some countries transaction costs such as brokerage commissions and custody costs may be high.

A Scheme invested in multiple countries will be exposed to such risks in more than one country.

### **11.29 Investment in other Undertakings in Collective Investments (UCIs) Risk**

When a Scheme invests in another UCI, it is exposed to the risk that such UCI will not perform as expected. The Scheme is exposed indirectly to all of the risks applicable to an investment in such UCI. In addition, lack of liquidity in the underlying UCI could result in its value being more volatile than the underlying portfolio of securities, and may limit the ability of the Scheme to sell or redeem its interest in the UCI at a time or at a price it might consider desirable and the Scheme may achieve a reduced investment return. The investment policies and limitations of the other UCI may not be the same as

those of the Scheme; as a result, the Scheme may be subject to additional or different risks, or may achieve a reduced investment return, as a result of its investment in such UCI.

If a UCI is an exchange-traded fund or other product traded on a securities exchange or otherwise actively traded, its shares may trade at a premium or discount to their net asset value, an effect that might be more pronounced in less liquid markets. The Scheme bears its proportionate share of the fees and expenses of any UCI in which it invests. The Investment Adviser or an affiliate may serve as investment adviser to a UCI in which the Scheme may invest, leading to potential conflicts of interest. For example, the Investment Adviser or its affiliates may receive fees based on the amount of assets invested in the UCI. Investment by the Scheme in the UCI may be beneficial to the Investment Adviser or an affiliate in the management of the UCI, by helping to achieve economies of scale or enhancing cash flows. Due to this and other factors, the Investment Adviser may have an incentive to invest the Scheme's assets in a UCI sponsored or managed by the Investment Adviser or its affiliates in lieu of investments by the Scheme directly in portfolio securities, or may have an incentive to invest in such UCI over a different UCI sponsored or managed by others. Similarly, the Investment Adviser may have an incentive to delay or decide against the sale of interests held by the Scheme in a UCI sponsored or managed by the Investment Adviser or its affiliates. It is possible that other clients of the Investment Adviser or its affiliates will purchase or sell interests in a UCI sponsored or managed by the Investment Adviser or its affiliates at prices and at times more favourable than those at which the Scheme does so.

### 11.30 Investment Style Risk – Geographic Focus

**Asia:** Certain Schemes will concentrate investments in companies in Asia Pacific and Emerging Asia and, consequently, such Scheme's performance is expected to be closely tied to the social, political, and economic conditions within that region, and its exposure to related risks could make its performance more volatile than the performance of more geographically diversified funds. Certain Asian economies have experienced high inflation, high unemployment, currency devaluations and restrictions, and over-extension of credit. Many Asian economies have experienced rapid growth and industrialization and there is no assurance that this growth rate will be maintained. During the recent global recession, many of the export-driven Asian economies experienced the effects of the economic slowdown in Europe and the United States and certain Asian governments implemented stimulus plans, low-rate monetary policies and currency devaluations. Economic events in any one Asian country may have a significant economic effect on the entire Asian region, as well as on major trading partners outside Asia. Any adverse event in the Asian markets may have a significant adverse effect on some or all of the economies of the countries in which the Scheme invests. Many Asian countries are subject to political risk, including corruption and regional conflict with neighbouring countries. In addition, many Asian countries are subject to social and labour risks associated with demands for improved political, economic and social conditions. These risks, among others, may adversely affect the value of the Scheme's investments.

**Japan:** Certain Schemes will concentrate investments in companies in Japan and, consequently, such Scheme's performance is expected to be closely tied to the social, political and economic conditions within that country and its exposure to related risks could make its performance more volatile than the performance of more geographically diversified funds. The growth of Japan's economy has historically lagged that of its Asian neighbours and other major developed economies. The Japanese economy is heavily dependent on international trade and has been adversely affected by trade tariffs, other protectionist measures, competition from emerging economies and the economic conditions of its trading partners. China has become an important trading partner with Japan, yet the countries' political relationship has become strained. Should political tension increase, it could adversely affect the economy, especially the export sector, and destabilize the region as a whole. Japan also remains heavily dependent on oil imports and higher commodity prices could therefore have a negative impact on the economy. The Japanese economy faces several other concerns, including a financial system with large levels of nonperforming loans, over-leveraged corporate balance sheets, extensive cross-ownership by major corporations, a changing corporate governance structure and large government deficits. These issues may cause a slowdown of the Japanese economy. The Japanese yen has fluctuated widely at times and any increase in its value may cause a decline in exports that could weaken the Japanese economy. Japan has, in the past, intervened in the currency markets to attempt to maintain or reduce the value of the yen. Japanese intervention in the currency markets could cause the value of the yen to fluctuate sharply and unpredictably and could cause losses to investors. Japan has an aging workforce and has experienced a significant population decline in recent years. Japan's labour market appears to be undergoing fundamental structural changes, as a labour market traditionally accustomed to lifetime employment adjusts to meet the need for increased labour mobility, which may adversely affect Japan's economic competitiveness.

Natural disasters, such as earthquakes, volcanoes, typhoons or tsunamis, could occur in Japan or surrounding areas and could negatively affect the Japanese economy and, in turn, the Scheme.

**Europe:** Certain Schemes will concentrate investments in companies in the EU and, consequently, such Scheme's performance is expected to be closely tied to the social, political, and economic conditions within that region, and its

exposure to related risks could make its performance more volatile than the performance of more geographically diversified funds.

The Economic and Monetary Union of the EU requires compliance with restrictions on inflation rates, deficits, interest rates, debt levels and fiscal and monetary controls, each of which may significantly affect every country in Europe. Decreasing imports or exports, changes in governmental or EU regulations on trade, changes in the exchange rate of the euro (the common currency of certain EU countries), the default or threat of default by an EU member country on its sovereign debt, and/or an economic recession in an EU member country may have a significant adverse effect on the economies of EU member countries and their trading partners. The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns or rising government debt levels in several European countries, including Greece, Ireland, Italy, Portugal and Spain. These events have adversely affected the exchange rate of the euro and may continue to significantly affect every country in Europe, including countries that do not use the euro.

Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching.

The United Kingdom left the EU on 31 January 2020. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the EU. The negotiation of the United Kingdom's continuing relationship with the EU is likely to take a number of years. The uncertainty around the United Kingdom's ongoing relationship with the EU may cause uncertainty in the global financial markets and the impact of this on the United Kingdom, the EU and the global financial markets is not clear but could be significant and far-reaching.

**North America:** Certain Schemes will concentrate investments in companies in North America and, consequently, such Scheme's performance is expected to be closely tied to the social, political, and economic conditions within that region and its exposure to related risks could make its performance more volatile than the performance of more geographically diversified funds. The United States is Canada's and Mexico's largest trading and investment partner. The Canadian and Mexican economies are significantly affected by developments in the U.S. economy. Since the implementation of the North American Free Trade Agreement ("NAFTA") in 1994 among Canada, the United States and Mexico, total merchandise trade between the three countries has increased. To further this relationship, the three NAFTA countries entered into the Security and Prosperity Partnership of North America in March 2005, which may further affect Canada's and Mexico's dependency on the U.S. economy. Economic events in any one North American country can have a significant economic effect on the entire North American region, and on some or all of the North American countries in which the Scheme invests.

**United Kingdom:** Certain Schemes will concentrate investments in companies in the United Kingdom and, consequently, such Scheme's performance is expected to be closely tied to the social, political, and economic conditions within that country and its exposure to related risks could make its performance more volatile than the performance of more geographically diversified funds. The United Kingdom has one of the largest economies in Europe and the United States and other European countries are substantial trading partners of the United Kingdom. As a result, the UK economy may be impacted by changes to the economic condition of the United States and other European countries. The UK economy, along with certain other EU economies, experienced a significant economic slowdown during the recent financial crisis and certain British financial institutions suffered significant losses, were severely under-capitalized and required government intervention to survive. The UK economy relies heavily on the export of financial services to the United States and other European countries and, therefore, a prolonged slowdown in the financial services sector may have a negative impact on the UK economy. Continued governmental involvement or control in certain sectors may stifle competition in certain sectors or cause adverse effects on economic growth. In the past, the United Kingdom has been a target of terrorism. Acts of terrorism in the United Kingdom or against British interests abroad may cause uncertainty in the UK financial markets and adversely affect the performance of the issuers to which the Scheme has exposure.

The United Kingdom left the EU on 31 January 2020. The terms of the withdrawal are not yet known. The withdrawal could have a significant and far-reaching impact on the United Kingdom, the EU and global financial markets.

**PRC and Greater China Region Risks:** Certain Schemes may make investments that create exposure to (i) issuers from the People's Republic of China (hereinafter the "PRC" (except, where the context requires, and for the purposes of this document, references to PRC or "China" do not include Hong Kong, Macau and Taiwan), or other issuers associated with the greater China region, such as Hong Kong, Macau or Taiwan and/or (ii) issuers which may be listed or traded on recognised or over-the-counter markets located both inside and outside of the greater China region, such as the United Kingdom, Singapore, Japan or the United States (hereinafter the "PRC Investments") through existing or future "access" products or programmes such as RQFII, Stock Connect, the China interbank bond market ("CIBM") Direct Access Programme or any other

investment programme through which a Scheme may access PRC Investments ( hereinafter the “Access Programmes”). By using these Access Programmes, the Scheme may be subject to new, uncertain or untested rules and regulations promulgated by the relevant regulatory authorities. Moreover, current regulations governing a Scheme’s investment in PRC companies may be subject to change. There can be no guarantee that the PRC regulatory authorities would not provide a requirement in the future affecting the relevant Scheme's ability to achieve its investment allocation, for example, introducing a mandatory investment allocation requirement under the relevant PRC regulations (e.g. a minimum percentage of the PRC Investments should be invested in a particular type of asset). There can be no assurance that the Access Programmes will not be abolished. Any Scheme investing in securities issued by issuers from the PRC or the greater China region using an Access Programme may be adversely affected as a result of such changes. In addition to the risks pertinent to investment in emerging markets, investors in such Schemes should also consider also the following risks.

**PRC Foreign Shareholding Restrictions Risk.** There are limits on the total units held by all underlying foreign investors and/or a single foreign investor in one PRC listed company based on thresholds as set out under the PRC regulations (as amended from time to time), and the capacity of the Scheme (being a foreign investor) to make investments in shares of companies incorporated in the PRC and listed on the Shanghai and/or Shenzhen Stock Exchanges which are quoted in RMB (hereinafter the “China A Shares”) will be affected by the relevant threshold limits and the activities of all underlying foreign investors. It will be difficult in practice to monitor the investments of the underlying foreign investors since an investor may make investment through different permitted channels under PRC laws. Should the shareholding of a single foreign investor in a China A Share listed company exceed the above restrictions, the investor would be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The Shanghai Stock Exchange (hereinafter the “SSE”)/Shenzhen Stock Exchange (hereinafter the “SZSE”) and the Stock Exchange of Hong Kong Limited (hereinafter the “SEHK”) will issue warnings or restrict the buy orders for the related China A Shares if the percentage of total shareholding is approaching the upper limit of the aggregate foreign investor shareholding limit. Such restriction may affect the Schemes in making investments in China A Shares, the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (hereinafter the “Stock Connect”) or the Qualified Foreign Investor, which shall include the Qualified Foreign Institutional Investor and the Renminbi Qualified Foreign Institutional Investor, regime (hereinafter the “QFI regime”).

**PRC Short Swing Profit Rule Risk.** According to PRC securities law, a shareholder holding 5% or more of the total issued shares, aggregating its positions with other group companies of a PRC Listco (hereinafter the “Substantial Shareholder”) has to return any profits obtained from the purchase and sale of shares of such a PRC incorporated company which is listed on a stock exchange in the PRC (hereinafter the “PRC Listco”) if both transactions occur within a six-month period. In the event that a Scheme becomes a Substantial Shareholder by investing in China A Shares, the profits that the Scheme may derive from such investments may be limited, and thus the Scheme's returns may be adversely affected depending on the Scheme's size of investment in China A Shares.

**PRC Disclosure of Interests Risk.** Under the PRC disclosure of interest requirements, in the event a Scheme becomes a Substantial Shareholder of a PRC Listco it may be subject to the risk that the Scheme’s holdings may have to be reported in aggregate with the holdings of such other persons mentioned above. This may expose the Scheme's holdings to the public. Under Hong Kong law, where a PRC incorporated company has both H Shares listed on SEHK and A Shares listed on the SSE or SZSE, if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including China A Shares) in such PRC Listco, the investor is under a duty of disclosure pursuant to Part XV of the PRC’s Securities and Futures Ordinance (hereinafter the “SFO”).

**Suspensions, Limits and Other Disruptions Affecting Trading of China A Shares Risk.** In order to mitigate the effects of extreme volatility in the market price of China A Shares, the SSE and SZSE currently limit the amount of fluctuation permitted in the prices of China A Shares during a single trading day. The daily limit governs only price movements and does not restrict trading within the relevant limit. However, the limit does not limit potential losses because the limit may work to prevent a liquidation of any relevant securities at the fair or probable realisation value for such securities which means that the relevant Scheme may be unable to dispose of unfavourable positions. There can be no assurance that a liquid market on an exchange would exist for any particular China A Share or for any particular time.

**Best Execution Risk:** Pursuant to the relevant PRC regulations, securities trades under Access Programmes may be executed through a limited number of PRC brokers / trading and settlement agents and accordingly may affect best execution of such trades. If, for any reason, the investment manager is unable to use the relevant broker / trading and settlement agent in the PRC, the operation of the relevant Scheme may be adversely affected. The Scheme may also incur losses due to the acts or omissions of any of the PRC broker(s) / trading and settlement agent in the execution or settlement of any transaction or in the transfer of any funds or securities. However, the investment manager shall, in the selection of PRC brokers / trading and settlement agent, have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. It is possible that a single PRC broker / trading and settlement agent will be appointed and the relevant Scheme may not necessarily pay the lowest commission available in the market. There is a risk that the relevant Scheme may suffer losses from the default, insolvency or disqualification of a PRC broker/ trading and settlement agent. In such event, the relevant Scheme may be adversely affected in the execution of transactions through such PRC broker/ trading and settlement agent. In addition, the broker may aggregate investment orders with its and its affiliates' own orders and those of its other clients, including the

Schemes. In some cases, aggregation may operate to the Schemes' disadvantage and in other cases aggregation may operate to the Funds' advantage.

**Effect of PRC Regulations on Subscriptions, Redemptions and Conversions.** The ability of a policyholder to redeem units of a Scheme depends, inter alia, on the PRC laws and practices affecting the Scheme's ability to liquidate investments and to repatriate the proceeds thereof out of the PRC. Any repatriation restrictions as may be applicable under PRC regulations in the future, where applicable, could restrict the Scheme's ability to satisfy all or any redemption requests in respect of any particular redemption day and accordingly, the Scheme may have to manage the liquidity challenges through the maintenance of high cash balances and limiting, deferring or suspending redemptions. Investors should not invest in the Scheme if they have need of greater liquidity than that offered by the Scheme.

Applications for subscription and/or conversion of units may be subject to sufficient available capacity for a Scheme under the relevant Access Programme as combined with the relevant Scheme's investment policy and restrictions. Applications received during a period when there is insufficient available capacity for the relevant Scheme under the QFIs for example may be suspended and processed for subscription and/or conversion of units at the next following subscription date at which sufficient capacity is again available for the Scheme. In addition, the Directors (or their duly authorised delegate(s)) may refuse applications and to temporarily or permanently suspend or limit any applications received during a period when there is insufficient available capacity for the relevant Scheme under the QFI/ direct access programme under People's Bank of China Announcement [2016] No.3. facilitating access to the China interbank bond (hereinafter the "CIBM Direct Access Programme").

Notwithstanding the above, the Directors (or their duly authorised delegate(s)) may decide to temporarily suspend the issue, subscription, redemption, conversion, payment of redemption proceeds and/or valuation of units of the relevant Scheme during any period when the Scheme is unable to transmit subscription proceeds to or from the accounts of the Scheme, or dispose of holdings or to repatriate the proceeds of such disposals, subject to certain quota or limits imposed by any regulatory or supervisory, governmental or quasi-governmental authority, any fiscal body or self-regulatory organisation (whether of a governmental nature or otherwise), for example when subscription proceeds cannot be remitted to the account of the relevant Scheme due to the Scheme being unable to dispose of holdings in the relevant Access Programme, or to repatriate the proceeds of such disposals.

**Counterparty Risk to the PRC Sub-Custodian and other Depositories for PRC Investments.** Any PRC Investments acquired through an Access Programme will be maintained by the Sub-Custodian, in electronic form via the securities account(s) and any cash will be held in Renminbi cash account(s) with the Sub-Custodian. Securities account(s) and Renminbi cash account(s) for the relevant Scheme in the PRC are maintained in accordance with market practice. Such account may be in the name of a nominee (for example, the QFI/ applicant under the CIBM Direct Access Programme) and not in the name of such Scheme, and the assets within such account may be held for and on behalf of clients of the nominee including but not limited to such Scheme. PRC interbank bond investment of a Scheme will be registered in the joint names of the investment manager (as the applicant under the CIBM Direct Access Program) and the relevant Scheme, or in another name for the sole use and benefit of the relevant Scheme as permitted or required pursuant to the relevant regulations. Even though the Chinese regulators have affirmed their recognition of the concepts of nominee holders and beneficiary owners and applicable PRC rules, regulations and other administration measures and provisions generally provide for the concept of a "nominee holder" and recognise the concept of a "beneficial owner" of securities, these concepts are relatively new in the Chinese legal system and remain untested under the QFI scheme. Hence, the assets of such Scheme held within such account may be subject to a risk of being treated as part of the assets of the nominee and be vulnerable to claims by creditors of the nominee in the event of the insolvency of the nominee. Whilst the assets held in such accounts are segregated and held separately from the assets of the nominee and belong solely to the relevant Scheme, it is possible that the judicial and regulatory authorities in the PRC may interpret this position differently in the future. In addition, the assets of the Scheme may not be adequately segregated from the assets of other Schemes, funds or clients investing through the nominee. The relevant Scheme may also incur losses due to the acts or omissions of the Sub-Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities.

Cash held by the Sub-Custodian in the RMB cash account(s) will not be segregated in practice but will be a debt owing from the Sub-Custodian to the relevant Scheme as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Sub-Custodian. In the event of insolvency of the Sub-Custodian, the relevant Scheme will not have any proprietary rights to the cash deposited in the cash account opened with the Sub-Custodian, and the Scheme will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the Sub-Custodian. The Scheme may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Scheme will lose some or all of its cash.

**Counterparty risk to PRC Broker(s) / Trading and Settlement Agent.** Pursuant to the relevant PRC regulations, securities trades under the Access Programme may be executed through a limited number of PRC brokers / trading and settlement agent that may be appointed for trading in any PRC stock exchange or interbank bond market for the relevant Scheme. If, for any reason, the relevant broker / trading and settlement agent in the PRC cannot be used, the operation of the relevant Scheme may be adversely affected. The Scheme may also incur losses due to the acts or omissions of any of the PRC broker(s) / trading and settlement agent in the execution or settlement of any transaction or in the transfer of

any funds or securities. However, the selection of PRC brokers / trading and settlement agent, should have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. It is possible that a single PRC broker / trading and settlement agent will be appointed and the relevant Scheme may not necessarily pay the lowest commission available in the market. There is a risk that the relevant Scheme may suffer losses from the default, insolvency or disqualification of a PRC broker/ trading and settlement agent. In such event, the relevant Scheme may be adversely affected in the execution of transactions through such PRC broker/ trading and settlement agent. A Scheme may be adversely affected, whether directly or indirectly, by (i) the acts or omissions by the broker/trade and settlement agent in the settlement of any transaction or in the transfer of funds or securities; (ii) the default or bankruptcy of the broker/trade and settlement agent; and (iii) the disqualification of the broker/trade and settlement agent from acting in such capacity either on a temporary or permanent basis. Such acts, omissions, default or disqualification may also adversely affect a Scheme in implementing its investment strategy or disrupt its operations, including causing delays in the settlement of any transaction or the transfer of any funds or securities in the PRC or in recovering assets, which may in turn adversely impact its NAV. Furthermore, regulatory sanctions can be imposed upon the broker/trade and settlement agent if it violates any provision under the Access Programme regulations. Such sanctions may adversely affect a Scheme's investments in PRC Investments.

#### **Risks Associated with Investment through Access Programmes**

- **Risks related to the Stock Connect Daily Quota and Inclusion or Exclusion as China Connect Securities.** Each of Shanghai-Hong Kong Stock Connect (hereinafter the "SHHK Stock Connect") and Shenzhen-Hong Kong Stock Connect (hereinafter the "SZHK Stock Connect") is subject to a Daily Quota (hereinafter the "Daily Quota"). The Daily Quota limits the maximum net buy value of cross-boundary trades under the relevant Stock Connect each day. SEHK will monitor the usage of the Northbound daily quota ("Northbound Daily Quota") for each of SHHK Stock Connect and SZHK Stock Connect and publish the remaining balance of the Northbound Daily Quota on Hong Kong Exchanges and Clearing Limited (hereinafter the "HKEx") website. SEHK may include or exclude securities as China Connect Securities (as defined in the rules of exchange of the SEHK) and may change the eligibility of shares for Northbound trading on Stock Connect, the SHHK and SZHK Stock Connect. Once the remaining balance of the Northbound Daily Quota drops to zero or the Daily Quota is exceeded during the opening call session, new buy orders will be rejected on the relevant Stock Connect (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance) and during the continuous auction session (or closing call auction session) for SZSE, no further buy orders will be accepted for the remaining of the day. The quota limitations may restrict a Scheme's ability to invest in China Connect Securities through Stock Connect on a timely basis. The Daily Quota may change from time to time without prior notice and investors should refer to the SEHK website and other information published by the SEHK for up-to-date information.
- **Stock Connect Suspension risk.** It is contemplated that SEHK, SSE and SZSE would reserve the right to suspend Northbound (for investment in PRC shares) and/or Southbound (for investment in Hong Kong shares) trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Where a suspension in the Northbound trading through Stock Connect is affected, a Scheme's ability to access the PRC market will be adversely affected. Securities (including the China Connect Securities) traded through Stock Connect may also be more volatile and unstable if suspended from trading. Such suspension may prolong for a considerable period of time and volatility and settlement difficulties relating to the China Connect Securities may also result in significant fluctuations in the prices, and may adversely affect the value, of the China Connect Securities.
- **Differences in Trading Day.** Stock Connect will only operate on days when both the relevant PRC and Hong Kong markets are open for trading and when banks in the relevant markets are open on the corresponding settlement days. By investing through Stock Connect, the Scheme may be subject to a risk of price fluctuations in China Connect Securities during the time when the relevant Stock Connect is not trading as a result.
- **Stock Connect Operational Risk.** Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in the relevant programme subject to meeting certain information technology capabilities, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Stock Connect requires market participants to configure and adapt their operational and technical systems. Further, it should be appreciated that the securities regimes and legal systems of each of the PRC and Hong Kong markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in Stock Connect requires routing of orders across PRC and Hong Kong. The SEHK has set up an order routing system to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in each market. In the event that the relevant systems fail to function properly, trading in each market through the programme could be disrupted. In such a case, the

Scheme's ability to access the China A Share market (and hence to pursue its investment strategy) through Stock Connect will be adversely affected.

- **Restrictions on Selling Imposed by Pre-Trade Monitoring.** PRC regulations require that before an investor sells any share, there should be sufficient shares in that investor's account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China Connect Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Scheme wishes to sell certain China Connect Securities it holds, it must transfer those China Connect Securities to the respective accounts of its brokers before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Scheme may not be able to dispose of its holdings of China Connect Securities in a timely manner. PRC regulations may impose certain other restrictions on selling and buying which results in a Scheme not being able to dispose of holdings of Connect Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

To facilitate investors whose China Connect Securities invested through Stock Connect (hereinafter the "SC Securities") are maintained with custodians to sell their SC Securities without having to pre-deliver the SC Securities from their custodians to their executing brokers, the SEHK introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a special segregated account in the PRC's Central Clearing and Settlement System (hereinafter the "CCASS") to maintain holdings in SC Securities (hereinafter the "SPSA"). An investor will only need to transfer all relevant SC Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. If the Scheme is unable to utilise this model, it would have to deliver SC Securities to brokers before the trading day and the above risks may still apply.

- **Recalling of Eligible Stocks.** When a stock is recalled from the scope of eligible stocks for trading via Stock Connect, the stock can only be sold but will be restricted from being bought. This may affect the investment portfolio or strategies of a Scheme, for example, when it wishes to purchase a stock which is recalled from the scope of eligible stocks.
- **Stock Connect Clearing and Settlement Risk.** As the national central counterparty of the PRC's securities market, China Securities Depository and Clearing Corporation Limited (hereinafter the "CSDCC") operates a comprehensive network of clearing, settlement and stock holding infrastructure. Should the remote event of CSDCC default occur and CSDCC be declared as a defaulter, Hong Kong Securities Clearing Company Limited (hereinafter the "HKSCC") liabilities in Northbound (for investment in China Connect Securities) trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against CSDCC. In such an event, affected Schemes may suffer delay in the recovery process or may not be able to fully recover their losses from CSDCC. Under Stock Connect, the relevant Schemes which have acquired SC Securities should maintain such SC Securities with their brokers' or custodians' stock accounts with the CCASS operated by HKSCC.
- **Risks associated with Investment in the ChiNext Market and/or the Science and Technology Innovation Board ("STAR Board").** A Scheme which invests in China A Shares listed on the ChiNext market and/or the STAR Board are subject to risks including the following:
  - (i) **Operating risk:** listed companies on the STAR Board and/or ChiNext market are usually of emerging nature with smaller operating scale. They are usually smaller in scale, have less stable operations, and are less resilient against market risks and industry risks. Although they may have higher growth potential and leverage more on technical innovations, their future performance particularly those without a profit track record is susceptible to great uncertainty.
  - (ii) **High fluctuation on stock prices and liquidity risk:** listed companies on the ChiNext market and/or STAR Board are subject to wide price fluctuation limits, and due to higher entry thresholds investors may have limited liquidity, compared to other boards. Companies listed on these boards may be subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board of the SSE and SZSE due to changing market conditions, investor speculations, inconsistent financial results, etc. The unstable financial result also adds the difficulty to the company valuations.
  - (iii) **Over-valuation risk:** stocks listed on the ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. The price of such stock may be more susceptible to manipulation due to fewer circulating shares.



- (iv) Differences in regulation: the rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board.
- (v) Delisting risk: it may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. This may have an adverse impact on the relevant Scheme if the companies that it invests in are delisted.
- (vi) Technical risk: there is higher degree of uncertainty whether a company listed on the STAR Board and/or ChiNext is able to convert its technical innovations into physical products or services. When the industry is experiencing rapid technological development and replacement, its products or services may be obsolete and may not survive in the market.
- (vii) Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in China A Shares listed in the STAR Board may be concentrated in a small number of stocks and subject the relevant Scheme to higher concentration risk.
- (viii) Risk disclosure statement: risks set out in this sub-section (*Risks associated with investment in ChiNext market and/or the Science and Technology Innovation Board*) are for reference only and not exhaustive. You are advised to refer to, in the case of STAR Board, the standard Risk Disclosure Statement in the Investor Eligibility Implementing Measure of STAR Market (in Chinese only), in the case of ChiNext market, the Investor Eligibility Implementing Measure of ChiNext Market, which Mainland investors are required to acknowledge before trading on STAR market and/or ChiNext market, as the case may be.

Investments in China A Shares listed in the ChiNext market and/or STAR Board may result in significant losses for the Scheme and its investor.

- **Investor Compensation.** For defaults occurring on or after 1 January 2020, the Hong Kong's Investor Compensation Fund covers investors' losses in relation to securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement. However, a Scheme's investments in SC Securities under SHHK and SZHK Stock Connect are not covered by the China Securities Investor Protection Fund. Therefore, a Scheme is exposed to the risks of default of the broker(s) they engage in their trading in China Connect Securities through the respective programme and the investors will not benefit from compensation under such schemes.
- **Beneficial Ownership.** The precise nature and rights of the Hong Kong and overseas investors (including the Scheme) as the beneficial owners of PRC Investments through nominees is less well defined under PRC law and the exact nature and methods of enforcement of the rights and interests of such investors under PRC law are not free from doubt.

In particular, China Connect Securities are held in CSDCC. HKSCC is a participant of CSDCC and China Connect Securities acquired by the Scheme will be (i) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC, and HKSCC is the "nominee holder" of such China Connect Securities; and (ii) held under the depository of CSDCC and registered in the shareholders' register of the listed companies on the SSE and SZSE.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant CCASS clearing participant such that a Fund shall exercise its rights in relation to the China Connect Securities through the CCASS clearing participant and HKSCC as the nominee holder. With respect to certain rights and interests of China Connect Securities that can only be exercised via bringing legal actions to PRC competent courts, it is uncertain whether such rights could be enforced since under the CCASS rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the China Connect Securities in PRC or elsewhere.

- **RMB Liquidity Risk.** RMB is currently not a freely convertible currency. The purchase of SSE/SZSE stocks is funded by RMB which is traded within the PRC's offshore market (hereinafter the "CNH"). The demand for CNH may increase and when there is a net drain of offshore RMB, the liquidity of offshore RMB could tighten. This could lead to the rise of CNH funding cost. Schemes seeking to invest through the SHHK and SZHK Stock Connect may not be able to secure sufficient CNH to execute their transactions or may only be able to do so at significant cost. Also, should the PRC government tighten the foreign exchange controls, such Schemes may be exposed to greater liquidity risk of offshore RMB and may not be able to effectively pursue their investment strategies.
- **Risks associated with the Offshore RMB Market.** RMB which is traded within the Onshore Market (i.e. the RMB which is traded within the PRC's onshore market (hereinafter the "CNY")) may trade at a different rate compared

to RMB which is traded within the Offshore Market (i.e. the CNH). The Schemes' investments may be exposed to both the CNY and the CNH, and the Schemes may consequently be exposed to greater exchange risks and/or higher costs of investment (for example, when converting other currencies to the RMB at the rate of exchange prevailing in relation to the CNH).

Schemes whose base currency is not RMB may also be exposed to currency risk due to the need for the conversion into RMB for investments in SC Securities. During any such conversion, a Scheme may also incur currency conversion costs. The currency exchange rate may be subject to fluctuation and where RMB has depreciated, a Scheme may incur a loss when it converts the sale proceeds of the SC Securities into its operating currency.

- **Restriction on Day Trading.** Day (turnaround) trading is not permitted on the China A Share market. Therefore, the Schemes buying SC Securities on T day may only sell the shares on and after T+1 day subject to any Stock Connect Scheme Rules. This will limit the Schemes' investment options, in particular where a Scheme wishes to sell any SC Securities on a particular trading day. Settlement and pre-trade checking requirements may be subject to change from time to time.
- **Order Priority.** Where a broker provides Stock Connect trading services to its clients, proprietary trades of the broker or its affiliates may be submitted to the trading system independently and without the traders having information on the status of orders received from clients. There is no guarantee that brokers will observe client order priority (as applicable under relevant laws and regulations).
- **Limited Off-Exchange Trading and Transfers Risk.** SC Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with the applicable rules. "Non-trade" transfers (i.e. off-exchange trading and transfers) are permitted in limited circumstances such as post-trade allocation of China A Shares to different funds/sub-funds by fund managers or correction of trade errors.
- **Participation in Corporate Actions and Shareholders' Meetings Risk.** Notwithstanding the fact that HKSCC does not claim proprietary interests in the China Connect Securities held in its omnibus stock accounts in CSDCC, HKSCC is the shareholder on record of SSE or SZSE listed companies (in its capacity as nominee holder for Hong Kong and overseas investors) and can attend shareholders' meeting as shareholder in respect of such China Connect Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC may make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Otherwise, following the existing market practice in the PRC, investors engaged in Northbound trading will generally not be able to attend shareholder meetings by proxy or in person and the Schemes will not be able to exercise the voting rights of the invested company in the same manner as provided in some developed markets.

Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE or SZSE website and certain officially appointed newspapers. However, SSE and SZSE listed issuers publish corporate documents in Chinese only, and English translations will not be available.

HKSCC will keep participants in CCASS informed of corporate actions of China Connect Securities. Hong Kong and overseas investors (including Funds) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China Connect Securities may be as short as one business day only. Therefore, Schemes may not be able to participate in some corporate actions in a timely manner.

- **QFI Risk.** Repatriations of RMB by QFIs are currently not subject to any lock-up periods or prior regulatory approval. The application and interpretation of the relevant investment regulations are relatively untested and there is uncertainty 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 limited precedent or certainty as to how such discretion may be exercised now or in the future. It is not possible to predict the future development of the QFI system. Any restrictions on repatriation imposed in respect of the relevant Scheme's QFI investments may have an adverse effect on the Scheme's ability to meet redemption requests. Investors should be aware that violations of the relevant PRC regulations by the QFI License Holder could potentially result in the revocation of its QFI status or other regulatory actions. Any change in the QFI system generally, including the possibility of the QFI losing its QFI status, may affect the relevant Scheme's ability to invest in eligible securities in the PRC directly through the relevant QFI. In addition, should the QFI status be suspended or revoked, the relevant Scheme's performance may be adversely affected as the relevant Scheme may be required to dispose of its QFI eligible securities holdings.

In extreme circumstances, a Scheme may incur substantial losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy due to any applicable investment limit (pursuant to regulatory requirement or otherwise) with respect to the Scheme's investments through an entity's status as an QFI.

- **Remittance and Repatriation of RMB.** Applications for subscription, redemption and/or conversion of Shares may be subject to certain restrictions under the relevant Access Programme and other relevant PRC regulations. The repatriation of invested capital and of income and capital gains of a Scheme from the PRC is subject to the relevant PRC regulations in effect from time to time.
  - Repatriations of RMB by QFIs are currently permitted on a daily basis based on the net subscriptions and redemptions of Shares of the relevant Scheme and are not subject to repatriation restrictions, any lock-up period or prior regulatory approval (but still subject to authenticity and compliance reviews and other regulatory requirements, including without limitation the tax formalities required for the liquidation of QFIs' investment in the PRC). At present, there is no regulatory prior approval requirement for repatriation of funds from QFIs under the above circumstances, however, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may be applied retroactively.
  - Remittance and repatriation for the account of a Fund under the CIBM Direct Access Programme regulations, may currently be effected subject to the following restrictions:
    - (i) a Scheme may remit investment principal in RMB or foreign currency into the PRC for investing through the CIBM Direct Access Programme; and
    - (ii) where a Scheme repatriates funds out of the PRC, the ratio of RMB to foreign currency should generally match the original ratio of RMB to foreign currency when the investment principal was remitted into PRC, with a maximum permissible deviation of 10%. Such ratio requirement can be waived for the first repatriation, provided that the foreign currency or RMB capital to be repatriated may not exceed 110% of the foreign currency or RMB amount remitted into the PRC in aggregate. To the extent repatriation is in the same currency as the inward remittance, the currency ratio restriction will not apply.

The regulations relating to the repatriation of capital and profits may potentially be applied in relation to QFIs as a whole. Hence the ability of a Scheme to make investments and/or repatriate monies from QFIs may be affected adversely by the investments, performance and/or repatriation of monies invested by other investors through QFIs.
  - Any repatriation restrictions as may be applicable under PRC regulations in the future, where applicable, could restrict the Scheme's ability to satisfy all or any redemption requests in respect of any particular redemption day and accordingly, the Scheme may have to manage the liquidity challenges through the maintenance of high cash balances and the imposition of the redemption restrictions referred to above.
  - Furthermore, as the Sub-Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Sub-Custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Shareholder as soon as practicable and after the completion of the repatriation of funds concerned. The actual time required for the completion of the relevant repatriation will be beyond the QFI's control.

**PRC Taxation Risk.** Trading under the QFI regime and SHHK and SZHK Stock Connect currently enjoy a temporary exemption from PRC 'income' tax and PRC value-added tax in respect of gains derived from the transfer of China A Shares. It is uncertain when such exemptions will expire and whether other PRC taxes will be applicable to trading of China A Shares under the QFI regime and the SHHK and SZHK Stock Connect. Dividends derived from China A Shares are subject to PRC withholding tax. PRC stamp duty is also payable for transactions in China A Shares. However, there is no guarantee on how long the exemption will last and there can be no certainty that the trading of China A Shares will not attract a liability to such tax in the future. The mainland China tax authorities may in the future issue further guidance in this regard and with potential retrospective effect.

Similarly, overseas institutional investors are exempted from corporate income tax and value-added tax on their bond interest gains from investment in the PRC bond market. It is uncertain when such exemptions will expire and whether other PRC taxes will be applicable to investment in the PRC bond market. Moreover, currently there is no specific guidance imposed by the PRC tax authorities on the treatment of income tax on trading gains and other tax categories payable in respect of trading in the CIBM by foreign investors. Before further guidance is issued and is well established in the administrative practice of the PRC tax authorities, the practices of the PRC tax authorities that collect PRC taxes with respect to the CIBM transactions may differ from, or be applied in a manner inconsistent with, the practices with respect to the analogous investments described herein or any further guidance that may be issued.

There is also uncertainty in respect of whether PRC value added tax could be levied in respect of CNY foreign exchange transactions entered into by the Schemes. If any such value added tax were levied then this would be payable by the Scheme.

The value of a Scheme's investment in the PRC and the amount of its incomes and gains could be adversely affected by an increase in tax rates or change in the taxation basis.

In light of the uncertainty as to how gains or income that may be derived from the Scheme's investments in PRC will be taxed, MPF reserves the right to provide for withholding tax on such gains or income and withholding tax for the account of the Scheme. Withholding tax may already be withheld at broker/custodian level. Any tax provision, if made, will be reflected in the relevant Scheme's account(s) at the time of debit or release of such provision.

If the actual applicable tax levied by PRC tax authorities is greater than that (if any) provided for by the relevant Scheme so that there is a shortfall in the tax provision amount, investors should note that the NAV of the Scheme may suffer more than the tax provision amount as the relevant Scheme will ultimately have to bear the additional tax liabilities. In this case, the then existing and new investors will be disadvantaged.

On the other hand, if the actual applicable tax levied by PRC tax authorities is less than that (if any) provided for by the relevant Scheme so that there is an excess in the tax provision amount, investors who have redeemed Shares before PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Scheme's overprovision. In this case, the then existing and new investors may benefit if the difference between the tax provision and the actual taxation liability can be returned to the account of the relevant Scheme as assets thereof.

In addition, investors should be aware that any under-accrual or over-accrual for PRC tax liabilities may impact on the performance of a Scheme during the period of such under-accrual or over-accrual and following any subsequent adjustments to the NAV.

In case of having excess in any tax provision amount (for example, the actual applicable tax levied by PRC tax authorities is less than the tax provision amount or due to a change in provisioning by a Scheme), such excess shall be treated as property of the relevant Scheme and investors who have already transferred or redeemed their units in the relevant Scheme will not be entitled or have any right to claim any part of the amount representing the excess.

### **11.31 Investment Style Risk – Large Cap Companies**

Securities issued by large-capitalization companies may present risks not present in smaller companies. For example, larger companies may be unable to respond as quickly as smaller and mid-sized companies to competitive challenges or to changes in business, product, financial, or other market conditions. Larger companies may not be able to maintain growth at the high rates that may be achieved by well-managed smaller and mid-sized companies, especially during strong economic periods. Returns on investments in securities of large companies could trail the returns on investments in securities of smaller and mid-sized companies.

### **11.32 Investment Style Risk – Small, Mid and Micro –Cap Companies**

The securities of small-, mid- and micro-capitalization companies may be more volatile and may involve more risk than the securities of larger companies. These companies may have limited product lines, markets or financial resources, may lack the competitive strength of larger companies, and may depend on a few key employees. These companies, particularly micro-capitalisation companies, may be in the early stages of development of product lines. In addition, these companies may have been recently organized and may have little or no track record of success. The securities of smaller companies may trade less frequently and in smaller volumes than more widely held securities. The prices of these securities may fluctuate more sharply than those of other securities, and a Scheme may experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There may be less publicly available information about the issuers of these securities or less market interest in these securities than in the case of larger companies, both of which can cause significant price volatility. Some securities of smaller issuers may be illiquid or may be restricted as to resale. The Scheme may be unable to liquidate its positions in such securities at any time, or at a favourable price, in order to meet a Scheme's obligations. Returns on investments in securities of small- or micro-capitalization companies could trail the returns on investments in securities of larger companies.

### **11.33 Investment Risk**

Investment risk includes the possible loss of the entire amount of capital that a Unitholder invests. The value of securities and other investments held by a Scheme may increase or decrease, at times rapidly and unexpectedly. Unitholders

investments in a Scheme may at any point in the future be worth less than their original investments. Accordingly, it is important that Unitholders periodically evaluate their investments in a Scheme

#### **11.34 IPO Risk**

A Scheme may at times have the opportunity to invest in securities offered in initial public offerings (“IPOs”). IPOs involve companies that have no public operating history and therefore entail more risk than established public companies. The prices of securities offered in IPOs can have significant volatility and a Scheme may lose money on an investment in such securities. IPOs may not be available to the Schemes at all times and a Scheme may not always invest in IPOs offered to it. Investments in IPOs may have a substantial beneficial effect on a Scheme’s investment performance. A Scheme’s investment return earned during a period of substantial investment in IPOs may not be sustained during other periods when the Scheme makes more-limited, or no investments in IPOs. There can be no assurance that the Schemes will have the opportunity to invest in IPOs that are made available to other clients of the Investment Adviser.

#### **11.35 Issuer Risk**

The values of securities may decline for a number of reasons which directly relate to the issuers, such as, for example, management performance, financial leverage, and reduced demand for the issuer’s goods and services as well as the historical and prospective earnings of the issuer and the value of its assets.

#### **11.36 Large Unitholder Risk**

To the extent a large proportion of the Units of a Scheme are held by a small number of Unitholders (or a single Unitholder), including funds or accounts over which the Investment Adviser has investment discretion, a Scheme is subject to the risk that these Unitholders will purchase or redeem their Units in large amounts rapidly or unexpectedly, including as a result of an asset allocation decision made by the Investment Adviser. These transactions could adversely affect the ability of a Scheme to conduct its investment program and may result in the impositions of redemption fees, suspensions and gates.

#### **11.37 Law or Regulation Risk**

A Scheme will be affected by law or regulations that are applicable to that Scheme. Applicable law and regulations may increase the costs and expenses of the Scheme, or result in certain investment techniques or investments being prohibited, which may adversely affect the Scheme’s performance.

#### **11.38 Leveraging Risk**

Certain transactions, including, for example, borrowing transactions, reverse repurchase agreements, certain derivatives transactions, securities lending transactions and other investment transactions, such as when-issued, delayed-delivery, or forward commitment transactions, may create investment leverage. When a Scheme engages in transactions that have a leveraging effect on the Scheme’s investment portfolio, the value of the Scheme will be potentially more volatile and all other risks will tend to be compounded. This is because leverage generally creates investment risk with respect to a larger base of assets than the Scheme would otherwise have and so magnifies the effect of any increase or decrease in the value of the Scheme’s underlying assets. The use of leverage is considered to be a speculative investment practice and may result in losses to the Scheme. In transactions involving leverage, a relatively small market movement or change in other underlying indicator can lead to significantly larger losses to the Scheme. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. The use of leverage may cause the Scheme to liquidate positions when it may not be advantageous to do so to satisfy repayment, interest payment, or margin obligations or to meet asset segregation or coverage requirements.

#### **11.39 Limited Investment Programme Risk**

An investment in any Scheme, or even in a combination of Schemes, is not intended to be a complete investment program, but rather is intended for investment as part of a diversified investment portfolio. Prospective Unitholders and Unitholders should consult their own advisors as to the role of an investment in any of the Schemes in their overall investment program.

#### **11.40 Liquidity Risk**

Liquidity risk is the risk that a Scheme may not be able to acquire or dispose of securities or close out derivatives transactions readily at a favourable time or prices (or at all) or at prices approximating those at which the Scheme currently

values them. In large-scale transactions or when markets are partially illiquid (e.g. where there are numerous individually agreed instruments) it may not be possible to execute a transaction or close out a position at an advantageous price.

Illiquid securities that may be held in accordance with applicable law (“Permitted Illiquid Securities”) may be subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. In addition, Permitted Illiquid Securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Scheme to value Permitted Illiquid Securities accurately. The market for certain investments held by a Scheme may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Disposal of Permitted Illiquid Securities may entail registration expenses and other transaction costs that are higher than those for liquid securities. To the extent permitted under applicable law, a Scheme may seek to borrow money to meet its obligations (including among other things redemption obligations) if it is unable to dispose of Permitted Illiquid Investments, resulting in borrowing expenses and possible leveraging of the Scheme.

A Scheme may hold securities which, while still compliant with the UK UCITS Requirements may be subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market (“Less Liquid Securities”). In addition, Less Liquid Securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Scheme to value Less Liquid Securities accurately. The market for certain investments held by a Scheme may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Disposal of Less Liquid Securities may entail registration expenses and other transaction costs that are higher than those for liquid securities.

From time to time, the counterparties with which a Scheme effects transactions might cease making markets or quoting prices in certain of the instruments in which a Scheme has invested. In such instances, a Scheme might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance.

The Manager employs an appropriate liquidity risk management process, which takes into account repurchase or reverse repurchase transactions employed by the Schemes, in order to ensure that each Scheme is able to comply with its stated redemption obligations. However, it is possible that in the type of circumstances described above, a Scheme may not be able to realise sufficient assets to meet all redemption requests that it receives or the Manager may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Unitholders in a Scheme as a whole. In such circumstances, the Manager may take the decision to suspend dealings in the relevant Scheme.

#### **11.41 Liquidity, Settlement and Derivatives Risks**

A Scheme may be exposed to credit risk of parties with whom it trades and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose a Scheme to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations.

Derivatives are subject to a number of risks, such as potential changes in value in response to interest rate changes or other market developments or as a result of the counterparty’s credit quality and the risk that a derivative transaction may not have the effect the Investment Adviser anticipated. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the asset, rate, or index underlying the derivative. Derivative transactions can create investment leverage and may be highly volatile. Use of derivatives other than for hedging purposes may be considered speculative.

When the Schemes invest in a derivative instrument, it could lose more than the principal amount invested. Further, when a Scheme invests in a derivative instrument, it generally is not required to post collateral equal to the amount of the notional value of the derivative instrument. Consequently, the cash held by the Scheme (generally equal to the unfunded amount of the derivative) will typically be invested in money market instruments. It is possible that returns on the investment of this cash may have a negative impact on the performance and/or returns of the Scheme.

Many derivative transactions are entered into “over the counter” (not on an exchange or contract market); as a result, the value of such a derivative transaction will depend on the ability and the willingness of the Schemes’ counterparty to perform its obligations under the transaction. A liquid secondary market may not always exist for the Schemes’ derivative positions at any time. Use of derivatives may increase the amount and timing of taxes payable by shareholders. There is no guarantee that investments in derivative instruments will work as intended. Derivatives are subject to a number of risks such as described in the risk warnings headed “Market Risk” and “Counterparty Risk”.

#### **11.42 Management Risk**

Each Scheme is subject to a degree of management risk. The Investment Adviser's judgments about the implementation of a strategy or the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy or hedging strategy may prove incorrect and may cause such Scheme to incur losses. There can be no assurance that the Investment Adviser's investment techniques and decisions will produce the desired results.

Derivatives and other special investment techniques and financial instruments are specialized products which require different investment techniques and risk analyses than equities or bonds. The use of derivatives requires not only knowledge of the underlying instruments, but also of the derivative itself, although the performance of the derivative cannot be monitored under all the possible market conditions. The complexity of such products and their use in particular requires suitable control mechanisms to monitor the transactions and have the ability to assess the risks of such products for a Scheme and estimate the developments of prices, interest rates and exchange rates.

#### **11.43 Market Disruption and Geopolitical Risk**

Each Scheme is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. War, terrorism, the spread of infectious illness or other public health issues, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on global economies and markets generally. Likewise, natural and environmental disasters and systemic market dislocations may be highly disruptive to economies and markets. Those events as well as other changes in economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a Scheme's investments.

Given the increasing interdependence among global economies and markets, conditions in one country, market, or region might adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the countries in which the Scheme invests. Any partial or complete dissolution of the European Union or the European Monetary Union due to the withdrawal of one or more member states or any increased uncertainty as to each of their status, could have significant adverse effects on currency and financial markets, and on the values of a Scheme's investments.

Securities and financial markets may be susceptible to market manipulation or other fraudulent trade practices, which could disrupt the orderly functioning of these markets or adversely affect the values of investments traded in these markets, including investments held by the Company.

To the extent a Scheme has focused its investments in the market or index of a particular region, adverse geopolitical and other events could have a disproportionate impact on the Scheme.

#### **11.44 Market Risk**

Market prices of investments held by a Scheme may increase or decrease, at times rapidly or unpredictably. A Scheme's investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investment in international securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity or adverse investor sentiment generally. Even if general economic conditions do not change, the value of an investment in the Scheme could decline and be worth less than your original investment if the particular industries, sectors or companies in which the Scheme invests do not perform well or are adversely affected by events. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, or other events could have a significant impact on a Scheme and its investments. An outbreak of a respiratory disease caused by a novel coronavirus (known as COVID-19) first detected in China in December 2019 has resulted in a global pandemic and major disruptions to economies and markets around the world. Financial markets have experienced extreme volatility and severe losses, and trading in many instruments has been disrupted. Liquidity for many instruments has been greatly reduced for periods of time. Some interest rates are very low and in some cases yields are negative. Governments and central banks, , have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, will not be known for some time. In addition, the outbreak of COVID-19, and measures taken to mitigate its effects, could result in disruptions to the services provided to Scheme by its service providers.

The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since a Scheme may make investments in currencies other than its base currency, the value of a Scheme's assets may also be affected by changes in currency rates and imposition of currency or capital controls.

#### **11.45 OTC Clearing Risk**

Certain derivatives transactions entered into by a Scheme will be required to be centrally cleared. In a cleared derivatives transaction, a Scheme's counterparty to the transaction is a central derivatives clearing organisation or clearing house rather than a bank or dealer. A Scheme will typically clear derivatives transactions through clearing members that are futures commission merchants and members of the clearing houses. A Scheme will make and receive payments owed under cleared derivatives transactions (including margin payments) through its accounts at clearing members. A Scheme's clearing members guarantee a Scheme's performance of its obligations to the clearing house. In contrast to bilateral derivatives transactions, clearing members can generally require termination of existing cleared derivatives transactions at any time or increase the amount of margin required to be provided by a Scheme to the clearing member for any new or existing cleared derivatives transaction above the amount of margin required by the clearing house or clearing member. Any such termination or increase could result in losses to a Scheme on its cleared derivatives position. Also, a Scheme is subject to execution risk in respect of cleared derivatives transactions, because it is possible that no clearing member will be willing to clear a particular transaction on a Scheme's behalf. In that case, the transaction might have to be terminated and a Scheme could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade. In addition, the documentation governing the relationship between a Scheme and a clearing member that is drafted by the clearing members is generally not negotiable and therefore less favourable to a Scheme than typical bilateral derivatives documentation. These and other new rules and regulations could, among other things, restrict a Scheme's ability to engage in or increase the cost to a Scheme of derivatives transactions and could make the use of derivatives by a Scheme impractical or generally undesirable. These regulations are new and evolving so their potential impact on a Scheme and the financial system are not yet known. While the new regulations and central clearing of some derivatives transactions are designed to reduce systemic risk, there is no assurance that the new clearing mechanisms will achieve that result and in the meantime, as noted above, central clearing exposes Schemes to new kinds of risks and costs.

#### **11.46 Preferred Securities Risk**

Generally, preferred security holders have no or limited voting rights with respect to the issuer. In addition, preferred securities are subordinated to bonds and other debt instruments in an issuer's capital structure and therefore will be subject to greater credit risk than those debt instruments. Unlike debt securities, dividend payments on a preferred security typically must be declared by the issuer's board of directors. An issuer's board of directors is generally not under any obligation to pay a dividend (even if such dividends have accrued) and may suspend payment of dividends on preferred securities at any time. Therefore, in the event an issuer of preferred securities experiences economic difficulties, the issuer's preferred securities may lose substantial value due to the reduced likelihood that the issuer's board of directors will declare a dividend and the fact that the preferred security may be subordinated to other securities of the same issuer. Further, because many preferred securities pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds—that is, as interest rates rise, the value of the preferred securities held by a Scheme are likely to decline. Therefore, to the extent that a Scheme invests a substantial portion of its assets in fixed rate preferred securities, rising interest rates may cause the value of the Scheme's investments to decline significantly. In addition, because many preferred securities allow holders to convert the preferred securities into common stock of the issuer, their market price can be sensitive to changes in the value of the issuer's common stock and, therefore, declining common stock values may also cause the value of the Scheme's investments to decline. Preferred securities often have call features which allow the issuer to redeem the security at its discretion. The redemption of a preferred security, having a higher than average yield, may cause a decrease in a Scheme's yield.

The value of a preferred security held by a Scheme may decline due to a number of factors affecting or perceived to affect the issuer of the security, such as, for example, management performance, financial leverage and reduced demand for the issuer's goods or services as well as the historical and prospective earnings of the issuer and the value of its assets. In addition, there may be political changes that impact the ability of issuers to repay principal and to make interest payments on securities. Changes to the financial condition or credit rating of issuers may also adversely affect the value of the securities issued.

#### **11.47 Provisional Allotment Risk**

As the Manager may provisionally allot Units to proposed investors prior to receipt of the requisite subscription monies for those Units, a Scheme may suffer losses as a result of the non-payment of such subscription monies.

#### **11.48 Proxy Voting Program Risk**

Investors in certain Schemes may, from time to time, enter into arrangements with the Manager pursuant to which such investors have the ability to direct that shares held by Schemes in respect of their investment in the Schemes be voted pursuant to a voting policy made available by a third party proxy voting administrator. Such investors owe no fiduciary duty



to the Schemes. An investor's choice of voting policy and the voting of shares in accordance with such policy may not reflect, and may in fact conflict with, the concerns and values of one or more other investors in the Schemes.

To the extent that shares held by a Scheme are voted pursuant to such a proxy voting program there is the risk that such shares may be voted in a way that is different to how other equivalent shares held by the Scheme are being voted.

The availability of the proxy voting program is subject to any applicable regulatory, operational (including in respect of fractional voting rights), local market (including any applicable local restrictions on split voting), tax, cost or other constraints of the third party proxy voting or State Street Global Advisors.

No warranty or acceptance of any liability is provided by the Manager, Investment Adviser, the third party proxy voting administrator or any other party in relation to the implementation of the proxy voting program, and no guarantee is provided that voting will be in line with the proxy voting program.

There is also the risk that the third party proxy voting administrator's interpretation of how a voting policy should be applied in respect of a vote may be different to an Investor's interpretation as to how the policy should be interpreted in respect of that vote.

Depending on the Investor's corporate structure, there is the risk that, pursuant to the proxy voting program, shares may be voted of a company which is in the Investor's group of companies.

The Manager reserves the right to suspend or cancel, in full or in part, the proxy voting program (in any one instance or more broadly), including with immediate effect, if required by applicable law or regulation or if the Manager otherwise considers that this is appropriate. This may result in shares being voted in accordance with the State Street Global Advisors proxy voting policy rather than in accordance with the proxy voting program.

#### **11.49 REIT Risk**

In addition to the risks associated with investing in the securities of real property companies, REITs are subject to certain additional risks. REITs may be affected by changes in the values of the underlying properties that they own or operate. Further, REITs are dependent upon specialised management skills, and their investments may be concentrated in relatively few properties, or in a small geographic area or a single property type. REITs are also subject to heavy cash flow dependency and, as a result, are particularly reliant on the proper functioning of capital markets, as well as defaults by borrowers and self-liquidation. A variety of economic and other factors may adversely affect a lessee's ability to meet its obligations to a REIT. In the event of a default by a lessee, the REIT may experience delays in enforcing its rights as a lessor and may incur substantial costs associated in protecting its investments. REITs are also subject to heavy cash flow dependency and, as a result, are particularly reliant on capital markets. Investments in REITs are also subject to the risks affecting equity markets generally.

#### **11.50 Repurchase agreements Risk**

Repurchase agreements may be viewed as loans made by a Scheme which are collateralised by the securities subject to repurchase. A Scheme's investment return on such transactions will depend on the counterparty's willingness and ability to perform its obligations under a repurchase agreement. If a Scheme's counterparty should default on its obligations and a Scheme is delayed or prevented from recovering the collateral or if the value of the collateral is insufficient, a Scheme may realise a loss.

#### **11.51 Russia Sanctions Risk**

Sanctions threatened or imposed by a number of jurisdictions, including the United States, the European Union and the United Kingdom, and other intergovernmental actions that have been or may be undertaken in the future, against Russia, Russian entities or Russian individuals, may result in the devaluation of Russian currency, a downgrade in the country's credit rating, an immediate freeze of Russian assets, a decline in the value and liquidity of Russian securities, property or interests, and/or other adverse consequences to the Russian economy or a Scheme. The scope and scale of sanctions in place at a particular time may be expanded or otherwise modified in a way that have negative effects on a Scheme. Sanctions, or the threat of new or modified sanctions, could impair the ability of a Scheme to buy, sell, hold, receive, deliver or otherwise transact in certain affected securities or other investment instruments. Sanctions could also result in Russia taking counter measures or other actions in response, which may further impair the value and liquidity of Russian securities. These sanctions, and the resulting disruption of the Russian economy, may cause volatility in other regional and global markets and may negatively impact the performance of various sectors and industries, as well as companies in other countries, which could have a negative effect on the performance of a Scheme, even if a Scheme does not have direct exposure to securities of Russian issuers. As a collective result of the imposition of sanctions, Russian government

countermeasures and the impact that they have had on the trading markets for Russian securities, certain Schemes have used, and may in the future use, fair value pricing in accordance with Clause 12.3 of this Prospectus to value certain Russian securities, which could result in such securities being deemed to have a zero value.

### **11.52 Screened Indices Risk**

Schemes may track indices that use a screen to identify securities in an Index's investable universe based on criteria including but not limited to environmental, social and governance (ESG) criteria. The screen may be fully or partially designed by the Investment Adviser, any affiliate of the Investment Adviser or by a third party provider. There is a risk that errors are made in the screening process. Errors may include, but are not limited to, inclusion of incorrect constituents/exclusion of correct constituents, incorrect interpretation of company accounts, transcription errors from company accounts and incorrect assessment of the relevant screening criteria. There is an additional risk that a screen provider may amend or discontinue its screening services and/or that, the Manager may change the screen or screen provider. In such circumstances, there is no guarantee that a replacement screen provided would result in a similar screening process or would be available.

### **11.53 Securities Lending Risk**

Securities Lending Risk: A Scheme may participate in a securities lending program sponsored by an affiliate of the Investment Adviser for the purpose of lending the Scheme's securities.

If a Scheme engages in securities lending, there is a risk that the borrower may become insolvent or otherwise become unable to meet or refuse to honour its obligations to return equivalent securities to the loaned securities. In this event, the Scheme could experience delays in recovering the securities and may incur a capital loss. There is the risk that, when lending portfolio securities, the securities may not be available to the Scheme on a timely basis and the Scheme may, therefore, lose the opportunity to sell the securities at a desirable price.

If a counterparty defaults and fails to return equivalent securities to those loaned, the Scheme may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities. To the extent that any securities lending is not fully collateralised (for example, due to timing lags associated with the posting of collateral), the Scheme will have a credit risk exposure to the counterparty of a securities lending contract. Prospective investors and Unitholders should also read the risk warning headed "Counterparty Risk" in the "Risk Information" section. The Scheme could also lose money if the value of collateral falls. These events could trigger adverse tax consequences for the Scheme.

### **11.54 Suitability Risk**

Unless otherwise separately agreed in writing, neither the Manager nor any affiliate of the Manager will assess the individual suitability of any prospective investor's investment into or allocation to the Scheme(s) to meet cashflow liabilities specific to that investor.

Each prospective investor should consult a stockbroker, bank manager, lawyer, accountant, investment consultant or other financial adviser for independent advice in relation to: (a) the suitability of an investment into the Schemes for the prospective investor (b) the suitability of the allocation to the Schemes in order to meet the prospective investor's underlying cash flow liabilities (c) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of units; (d) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of units; (e) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Units; and (f) the provisions of this Prospectus. unless otherwise agreed in writing, none of the Manager, the Investment Adviser or any of their affiliates undertakes to give advice in a fiduciary capacity in connection with the offer and sale of Units in any Scheme.

### **11.55 Tax Risk**

Investors' attention is drawn to the potential taxation risks as outlined in paragraph 21 (entitled "Taxation") below.

### **11.56 Valuation Risk**

In certain circumstances, a portion of a Scheme's assets may be valued by the Manager or its delegates at fair value using prices provided by broker-dealers or other market intermediaries (and at times may be a single broker-dealer or other market intermediary) when other reliable pricing sources may not be available. If relevant information is not available from any of those sources or the Manager considers it unreliable, the Manager (or its delegate) may value a Scheme's assets

based on such other information as the Manager may in its discretion consider appropriate. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including fair valued securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. There can be no assurance that such prices will accurately reflect the price a Scheme would receive upon sale of a security and to the extent a Scheme sells a security at a price lower than the price it has been using to value the security, its Net Asset Value will be adversely affected. When a Scheme invests in other funds or investment pools, it will generally value its investments in those funds or pools based on the valuations determined by the funds or pools, which may not be the same as if the net assets of the funds or pools had been valued using the procedures employed by the Scheme to value its own assets.

## **12. VALUATION OF PROPERTY**

### **12.1 General**

Valuations of the property of a Scheme for the purpose of calculating issue and cancellation and purchase and redemption prices will be carried out in accordance with the Sourcebook and the provisions of paragraph 12.2 below.

On the initial in specie transfer of assets into a Scheme the initial price of a Unit in that Scheme will be the mid-price.

The property of each Scheme will then be valued every Dealing Day at 10 p.m. except for the State Street AUT UK Screened Index Equity Fund which is valued every Dealing Day at 5 p.m.

On completion of each valuation the Manager will advise the Trustee of the prices of Units. The Manager will notify the Trustee daily of such prices and will publish them on its website at [www.ssga.com](http://www.ssga.com).

For information as to Unit prices, see paragraph 20 below.

### **12.2 Determination of the value of the Schemes**

The value of the property of a Scheme will be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

- (a) All the property of the relevant Scheme (including receivables) is to be included, subject to the following provisions.
- (b) Property which is not cash (or other assets dealt with in paragraph (c) below) or a contingent liability transaction will be valued as follows and the prices used will (subject as follows) be the most recent prices which it is practicable to obtain:
  - (i) In the case of securities included in the relevant Index, the relevant Index's official close price for such securities;
  - (ii) In the case of units or shares in a collective investment scheme:
    - (A) if a single price for buying and selling units or shares is quoted, at that price; or
    - (B) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (C) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (iii) In the case of any other transferable security:
    - (A) if a single price for buying and selling the security is quoted, at that price; or

- (B) if separate buying and selling prices are quoted, at the average of the two prices; or
- (C) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
- (iv) In the case of property other than that described in (i), (ii) and (iii) above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
- (c) Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- (d) Property which is a contingent liability transaction will be treated as follows:
  - (i) if a written option or an off-exchange derivative the method of valuation will be agreed between the Manager and the Trustee;
  - (ii) if an off-exchange future, it will be valued at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
  - (iii) if any other form of contingent liability transaction or if the property is an off-exchange derivative, the method of valuation will be agreed between the Manager and the Trustee.
- (e) In determining the value of the property of a Scheme, all instructions given to issue or cancel Units will be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- (f) Subject to paragraphs (g) and (h) below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted will be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.
- (g) Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options will not be included under paragraph (f).
- (h) All agreements are to be included under paragraph (f) which are, or ought reasonably to have been, known to the person valuing the property.
- (i) There will be deducted an estimated amount for anticipated tax liabilities (whether of the United Kingdom or elsewhere) at that time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax and stamp duty.
- (j) There will be deducted an estimated amount for any liabilities payable out of the property of the relevant Scheme and any tax thereon treating periodic items as accruing from day to day.
- (k) There will be deducted the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- (l) There will be added an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- (m) There will be added any other credits or amounts due to be paid into the property of the relevant Scheme.
- (n) There will be added a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- (o) Currencies or values in currencies other than the base currency will be translated at the relevant Valuation Point at a rate of exchange determined by the Manager that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

Notwithstanding the foregoing, the Manager may, at its discretion, use other generally recognised valuation principles in order to reach a proper valuation of the Net Asset Value of a Scheme, in the event that it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above rules or it considers that valuation in accordance with such principles better reflects the value of a security, interest or position and are in accordance with generally accepted accounting principles.

### 12.3 Fair Value Pricing

The Manager may, in its absolute discretion and in circumstances where:

- (a) it believes that no reliable price for any part or all of the property of a Scheme exists; or
- (b) such price, if it does exist, does not reflect the Manager's best estimate of the value of such property of a Scheme,

value the property of the relevant Scheme or any part of the property of that Scheme at a price which, in its opinion, reflects a fair and reasonable price for that property in accordance with any policy for fair value pricing set out in the Prospectus.

The Manager is permitted to use fair value pricing in specific circumstances and pursuant to processes and methodologies that it must have notified to the Trustee. Examples of the circumstances in which the Manager might consider using fair value pricing include:

- (c) failure of a pricing provider;
- (d) closure or failure of a market;
- (e) volatile or "fast" markets;
- (f) markets closed over national holidays;
- (g) stale or unreliable prices; or
- (h) listings suspensions or de-listings.

Additionally, the Manager may decide to use fair value pricing when the markets in which the relevant Scheme is invested are closed for trading in situations such as (but not limited to):

- (i) market movements above a pre-set trigger level in other correlated open markets;
- (j) war, natural disaster or terrorism;
- (k) government actions or political instability;
- (l) currency realignment or devaluation;
- (m) changes in interest rates;
- (n) corporate activity;
- (o) credit default or distress; or
- (p) litigation.

## 13. PAST PERFORMANCE

***Past performance is not indicative of future performance. Please note that the price of Units and the income from the funds may go down as well as up and may be affected by changes in rates of exchange.***

***Percentage Growth 2018– 2022***

	2019		2020		2021		2022		2023	
	Fund %	Index %	Fund %	Index %	Fund %	Index %	Fund %	Index %	Fund %	Index %
State Street Europe Ex UK Screened Index Equity Fund*	19.80	19.46	8.22	8.02	17.51	17.33	-7.58	-8.15	15.30	14.97
State Street North America Screened Index Equity Fund*	25.74	25.70	15.93	15.84	27.91	27.82	-10.16	-10.40	20.35	20.18
State Street Asia Pacific Ex-Japan Screened Index Equity Fund*	12.27	12.57	14.75	15.06	2.23	2.31	-3.54	-3.44	4.06	4.04
State Street Japan Screened Index Equity Fund*	14.15	14.41	10.66	10.69	2.01	1.99	-5.29	-5.27	12.83	12.81
State Street UK Screened Index Equity Fund*	18.91	19.17	-10.16	-9.86	16.78	17.01	-1.57	-1.86	7.10	7.27
State Street AUT Emerging Market Screened Index Equity Fund**	N/A	N/A	N/A	N/A	N/A	N/A	-9.16	-8.53	2.06	2.28

Figures shown are net of any management charges set out in this Prospectus.

\* The Index changed as at 19 December 2020 - performance prior to this date related to the previous Index of the Scheme.

\*\* The Scheme was authorised by the FCA with effect from 3 December 2020.

Source of performance data: State Street Global Advisors Limited

## 14. ALLOCATION OF INCOME

### 14.1 Accounting Periods

The annual accounting period of each Scheme ends each year on 31 December (the accounting reference date) and the interim accounting period ends each year on 30 June.

### 14.2 Allocation

The amount available for allocation in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Scheme in respect of that accounting period. The Manager then makes such other adjustments as it considers appropriate (and after consulting the Scheme's auditors as appropriate) in relation to expenses, liabilities, taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

The income of each Scheme available for allocation will be allocated, where there is only one class of Units in issue, to the holders of Units pro rata to the number of Units held by each Unitholder. Where there is more than one class of Unit in issue, the income of the relevant Scheme available for allocation will be allocated to each class of Unit in accordance with the number of undivided shares in the property of that Scheme that such class of Units represents. Income so allocated to a class of Units is then further allocated among the Unitholders of that class pro rata to the number of Units of that class held by each Unitholder.

The income of each Scheme available for allocation will be calculated within two months of the end of each accounting period, whether annually or half-yearly, as appropriate. The amount available for allocation in any accounting period is calculated in accordance with the allocation procedure set out above.

## **15. SECURITIES LENDING**

Lending Schemes may enter into securities lending transactions subject to the conditions and limits set out in the FCA Handbook, as may be amended, supplemented or replaced from time to time. Securities lending transactions may be used for efficient portfolio management.

In a securities lending transaction, the lender makes a loan of securities to the borrower upon terms that require the borrower to return equivalent securities to the lender within a specified period and the borrower pays the lender a fee for the use of the securities during the period that they are on loan.

Each Lending Scheme may lend its portfolio securities via a securities lending program through an appointed securities Lending Agent, which is a member of the State Street group of companies, to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. Participating in the securities lending program allows a Lending Scheme to receive the net income generated by lending its securities. Pursuant to the terms of the relevant securities lending agreement, the appointed State Street group entity Lending Agent is entitled to retain a portion of the securities lending revenue) to cover all fees and costs associated with the securities lending activity, including the delivery of loans, the management of collateral and the provision of the securities lending indemnity and such fees will be paid at normal commercial rates. Investors should also read the risk warning headed "Securities Lending Risk" in the section "Risk Characteristics of the Schemes".

Any revenue arising from securities lending transactions will be returned to the relevant Lending Scheme net of direct and indirect operational costs and fees (which may be paid to an entity related to the Manager). Currently, the direct and indirect operational costs of entering into securities lending transactions including the fee of the securities Lending Agent amounts to 25% of the revenue deriving from such transactions, meaning that 75% of the revenue resulting from such transactions is paid to the relevant Lending Scheme.

Detailed information on this subject is available in each of the Lending Scheme's annual reports.

On 1 February 2022 Regulation (EU) No. 909/2014 ("CSDR") introduced new rules intended to reduce the number of settlement fails and to address settlement fails where they occur within EU central securities depositories. These measures include the introduction of a new cash penalties regime under which the participant within the relevant clearing system responsible for a settlement fail will be required to pay a cash penalty which is in turn distributed to the other participant. Such penalties that relate to securities lending transactions will be borne entirely by the Lending Agent and will not be paid out of the assets of the Lending Scheme on whose behalf the in-scope transaction was entered into. A securities lending transaction may also result in there being penalty credits as a consequence of the CSDR settlement discipline regime which will be retained by the Lending Agent and not passed onto the relevant Lending Scheme.

Subject to the following sentence, a Lending Scheme may only enter into securities lending transactions with counterparties which have a minimum short term credit rating of A-2 (Standard & Poor's), or equivalent from another internationally recognised ratings agency. Such transactions may be entered into with counterparties with a lower credit rating if the relevant Lending Scheme is, pursuant to the terms of the securities lending agreement, indemnified by State Street Bank and Trust Company against any shortfall between the value of realised collateral and the market value of replacement securities following a counterparty default and, additionally, State Street Bank and Trust Company maintains a short term credit rating of at least A-2 (Standard & Poor's) or equivalent from another internationally recognised ratings agency.

At present, up to 95% of each type of security held by each Lending Scheme may be lent.

The maximum proportion of the assets under management of each Lending Scheme that can be subject to securities lending transactions is 70%.

The expected maximum proportion of the assets under management of each Lending Scheme that, in practice, could be subject to securities lending transactions is 30%.

## 16. MANAGEMENT OF COLLATERAL AND COLLATERAL POLICY (“COLLATERAL MANAGEMENT POLICY”)

- (a) In the context of OTC financial derivatives transactions and efficient portfolio management techniques, a Scheme may receive collateral with a view to reducing its counterparty risk. This section sets out the collateral policy applied by the Scheme in such case.
- (b) Collateral received by a Scheme may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and rules issued by the FCA from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:
- (i) Any collateral received should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
  - (ii) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
  - (iii) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
  - (iv) It should be sufficiently diversified in terms of country, markets and issuers, with a maximum exposure of 20% of the Scheme’s net asset value to any single issuer on an aggregate basis, taking into account all collateral received; and
  - (v) It should be capable of being fully enforced by a Scheme at any time without reference to or approval from the counterparty.
- (c) Subject to the abovementioned conditions, collateral received by a Scheme may currently consist of:
- (i) Government securities issued by Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Japan, Luxembourg, Netherlands, New Zealand, Norway, Singapore, South Korea, Sweden, Switzerland, United Kingdom and United States of America whose long-term debt ratings are at or above A- or equivalent by two or more internationally recognised rating agencies; and
  - (ii) Equity securities either admitted to official listing on a stock exchange in a Member State or non-Member State or which are traded on a market which is regulated, operating regularly, officially recognised and open to the public in a Member State or non-Member State. “**Member State**” means a member state of the European Union.
  - (iii) Supranational securities issued by the following issuers: African Development Bank, Asian Development Bank, Council of Europe Development Bank (Council of Europe), Eurofima, European Bank for Reconstruction and Development, European Financial Stability Facility, European Investment Bank, European Stability Mechanism, European Union, Inter-American Development Bank, International Bank for Reconstruction and Development, International Finance Corporation, and Nordic Investment Bank whose long-term debt ratings are at or above A- or equivalent by two or more internationally recognised rating agencies.
- For the avoidance of doubt:
- (i) cash collateral is not permitted unless instructed by the Manager and no other form of collateral will be permitted unless instructed by the Manager.
  - (ii) Collateral issued by the counterparty, Manager or Lending Agent (or any affiliate) is not permitted as eligible collateral.
- (d) Each Scheme will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this section 16



and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

- (e) Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by a Scheme for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Scheme under normal and exceptional liquidity conditions. Depending on those factors, the haircut applied will be:
- Government bonds: at least 2%;
  - Equities: at least 5%;
  - Supranational securities: at least 2%.
- (f) Non-cash collateral received by a Scheme may not be sold, re-invested or pledged.

Until the expiry of a securities lending arrangement, collateral received must: (a) equal or exceed, in value, at all times, the value of the amount invested or securities loaned; (b) be transferred to the Scheme's custodian, or its agent; and (c) be capable of being fully enforced by the Scheme at any time without reference to or approval from the counterparty. The requirement at (b) in the preceding sentence is not applicable in the event that the Scheme uses tri-party collateral management services of international central securities depositories or relevant institutions which are generally recognised as specialists in this type of transaction, which are subject to prudential supervision and which are unrelated to the provider of the assets. Furthermore, notwithstanding the provisions of (b) in the preceding sentence, a Scheme may enter into securities lending programmes organised by generally recognised international central securities depositories systems provided that the programme is subject to a guarantee from the system operator. The Scheme's custodian must be a named participant to the collateral arrangements.

A Scheme must have the right at any time to terminate any securities lending agreement entered into by it, and to demand the return of any or all securities lent within five (5) Business Days or such other period as normal market practice dictates. Securities lending transactions do not constitute borrowing or lending for the purposes of the UK UCITS Requirements.

Details of the exposures obtained through efficient portfolio management techniques, the counterparties used, the type and amount of collateral received to reduce such exposures and any income and expenses, whether direct or indirect, generated by securities lending will be disclosed in the periodic reports of the Scheme.

- (g) A Scheme does not accept cash collateral.
- (h) If a Scheme receives collateral for at least 30% of its assets, it will put in place appropriate stress testing policy to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions to enable a Scheme to assess the liquidity risk attached to the collateral.

## **17. EQUALISATION**

Included in the creation price of Units (on an offer basis) and in the cancellation price of Units (on a bid basis) and so reflected as a capital sum in the issue and redemption prices will be the value of income attributable to the Unit accrued since the record date for the last income allocation.

In accordance with the Trust Deeds, such capital sum will be the average amount of the accrued net income per Unit included in the creation price of Units purchased during the income allocation period or the actual amount of income included in the issue price of a Unit. Where different classes of Units are available, that capital sum will be calculated separately for each type of Unit.

Equalisation during any income allocation period applies only to Units purchased during that income allocation period.

## **18. CHARGES AND EXPENSES**

### **18.1 Anti-Dilution Levy**

The actual cost of purchasing, selling or switching underlying investments in the Schemes may deviate from the mid-market value used in calculating its Unit price, due to dealing charges, taxes, market impact and any spread between buying and selling prices of the Scheme's underlying investments. These dealing costs could have an adverse effect on the value of the Schemes, known as "dilution". In order to mitigate the effect of dilution, the FCA Handbook allows the Manager to make an anti-dilution levy on the purchase, redemption, or switch of Units in a Scheme. The anti-dilution levy is intended to mitigate the dilutive effect of Unitholder transactions on the future growth of the Schemes.

Upon the acquisition or redemption or switch of Units in a Scheme the anti-dilution levy will be applied in connection with the associated costs of acquisition or liquidation (as the case may be) of the underlying Scheme investments (except to the extent that the Manager is able to match an acquisition or redemption of Units against a corresponding redemption or acquisition of such Units). The Manager does not benefit from any anti-dilution levy because any such amount will be paid into the relevant Scheme. The Manager believes that the effect of any anti-dilution levy on the future growth of the Schemes will be neutral.

The anti-dilution levy is a separate charge of such amount or at such rate as is determined by the Manager to be made for the purpose of reducing the effect of dilution. It is calculated by reference to the costs of dealing in the underlying Scheme investments, including any dealing spreads, commission, market impact and transfer taxes on dealings.

As dilution is directly related to the inflows and outflows of monies from a Scheme, it is not possible to predict accurately the amount of the anti-dilution levy which will occur at any future point in time. Based on historical data, the Manager does not expect the anti-dilution levy to exceed 2% of the net asset value of the Units being acquired or redeemed. Based on historical data, the Manager may apply the anti-dilution levy daily.

The Manager, in its absolute discretion, may waive or reduce the anti-dilution levy. The Manager may alter its current dilution policy in accordance with the procedure set out in the FCA Handbook.

Further details regarding the indicative anti-dilution levy applicable for each Scheme are set out in the Scheme fact-sheets.

### **18.2 Management Charges and other Charges to be Borne by the Manager**

The Manager is entitled to a management charge from each Scheme which will be deducted from the assets of each Scheme and which is calculated (and accrues) daily based on the value of the relevant Scheme as at the previous day (the "**Management Charge**"). The Management Charge is payable to the Manager monthly as soon as practicable after the end of each calendar month.

The Manager will be responsible for discharging, from the Management Charge it receives from each Scheme, the following costs and expenses of that Scheme:

- (a) the fees of the Investment Adviser;
- (b) the fees of the Trustee and the Registrar;
- (c) the fees of the entity (if any) to whom the Manager delegates activities relating to the promotion and administration of the Scheme;
- (d) the fees of the entity (if any) to whom the Manager delegates activities relating to the accounting and pricing functions of the Scheme;
- (e) the fees of the entity (if any) to whom the Trustee delegates activities relating to the custody of the property of the Scheme;
- (f) the fees and expenses relating to the establishment of the Scheme and the fees of the advisers to the Scheme in connection with its establishment;
- (g) any fees in respect of circulating details of the Net Asset Value of the Scheme and any class of Units (including publishing prices);

- (h) the fees and expenses of the auditors, tax, legal and other professional advisers of the Scheme;
- (i) the fees and expenses in connection with the distribution of Units and costs of registration of the Scheme in jurisdictions outside the United Kingdom;
- (j) the costs of printing and distributing the Prospectus, any supplements thereto, reports, accounts and any documents associated with the Scheme;
- (k) any costs incurred as a result of periodic updates of the Prospectus and any supplements, any change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law); and
- (l) the Manager's operating expenses.

The amount of the Management Charge for each Scheme will, in the case of the Accumulation Units, be as follows:

- State Street AUT Europe ex UK Screened Index Equity Fund: 12 basis points of the Net Asset Value of the Scheme;
- State Street AUT North America Screened Index Equity Fund: 12 basis points of the Net Asset Value of the Scheme;
- State Street AUT Japan Screened Index Equity Fund: 12 basis points of the Net Asset Value of the Scheme;
- State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund: 15 basis points of the Net Asset Value of the Scheme;
- State Street AUT UK Screened Index Equity Fund: 10 basis points of the Net Asset Value of the Scheme.
- State Street AUT Emerging Market Screened Index Equity Fund: 20 basis points of the Net Asset Value of the Scheme.

This amount is exclusive of any applicable value added tax. The Manager may not increase any charge it takes from the property of the Scheme unless it does so in accordance with the Sourcebook. The Manager may, in its sole discretion, from time to time effect rebates of the Management Charge to Unitholders. Such rebates may be reinvested in Units on behalf of those Unitholders from time to time.

### 18.3 Other Charges and Expenses

The Manager may pay out of the assets of each Scheme (where relevant, attributable to the relevant class of Units) the following charges and expenses attributable to that Scheme:-

- (a) stamp duties;
- (b) taxes (including value added tax (if any) on fees payable by the Scheme) and contingent liabilities as determined from time to time by the Manager;
- (c) rating fees (if any);
- (d) brokerage expenses, dealer commissions, margin costs, registration fees or other related or similar expenses of acquiring and disposing of investments;
- (e) any other fees and expenses relating to the operation of the Scheme or attributable to the property of the Scheme; and
- (f) those other expenses of the Scheme not payable by the Manager and referred to in paragraph 18.2 above.

Where an expense is not considered by the Manager to be attributable to any one class of Units, the expenses will normally be allocated, insofar as practicable, to all classes of Units of the relevant Scheme pro rata to their Net Asset Value. In the case of any fees or expenses of a regular or recurring nature, the Manager may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

Any costs and expenses (including transaction costs and the fees of the securities Lending Agent) associated with entering into securities lending transactions are paid by the applicable securities Lending Agent out of the 25% retention from the revenue generated by the securities lending activity as set out in paragraph 15.

#### **18.4 Third Party Research**

Any third party research received by the Manager or the Investment Adviser, in connection with the executing of orders or the placing of orders with other entities for execution for, or on behalf of, the Scheme(s) will, when received by the Manager, be paid for by the Manager itself, or, when received by the Investment Adviser, paid for by the Investment Adviser itself.

### **19. ISSUE AND REDEMPTION OF UNITS IN THE SCHEMES**

#### **19.1 Issue of Units**

Units in the Schemes may be purchased by completing, as appropriate, an initial application form or a subsequent subscription form, in each case in a format acceptable to the Manager and sending it for the attention of the Registrar at 20 Churchill Place, Canary Wharf, London E14 5HJ. In addition, the Manager may, at its discretion, accept applications for subscriptions by such other means as it deems appropriate, including by fax to the Registrar on +44 (0)20 7004 2952 between 9 a.m. and 5 p.m. on Business Days. Telephone calls may be recorded.

Investors may also submit initial applications or subsequent subscriptions via dealing platforms or other electronic means which have been approved by the Manager. Investors wishing to transact through a platform or via electronic means should contact the Manager for a list of approved platforms. Investors subscribing via dealing platforms or other electronic means are reminded that they must refer to the provider of the dealing platform or electronic means for the procedures that apply to such trading arrangements.

In respect of the Schemes, except for the State Street AUT Japan Screened Index Equity Fund, the State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund and the State Street AUT Emerging Market Screened Index Equity Fund, completed applications for Units must be received by the Registrar by 1 p.m. on a Dealing Day. Any applications received after 1 p.m. will be treated as having been received on the next following Dealing Day.

In respect of the State Street AUT Japan Screened Index Equity Fund, the State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund and the State Street AUT Emerging Market Screened Index Equity Fund, completed applications for Units must be received by the Registrar by 1 p.m. on the Business Day immediately preceding a Dealing Day. Any applications received after 1 p.m. on the Business Day immediately preceding a Dealing Day will be treated as having been received on the next following Dealing Day.

Applications for Units will not normally be acknowledged but the Registrar will despatch a contract note normally no later than the Business Day next following the day in which falls the Valuation Point by reference to which the relevant Units price is calculated. Payment in full is due immediately on receipt of the contract note. Registration will take place after receipt of payment provided that:

- (a) the purchaser of Units has supplied the Manager with all such information about the proposed Unitholder and documents as the Manager may reasonably require for the purpose of verifying the identity of the applicant or his authority or status (including as required by any applicable anti money laundering laws, as referred to in paragraph 17.4 below) and as will enable the Trustee to register the holding;
- (b) the Manager has received the purchase price or other consideration for the issue of Units; and
- (c) any period during which the purchaser has a right to cancel the agreement to purchase Units has expired.

Cleared funds must be received and accepted by the Manager within 2 Business Days following the relevant Dealing Day (the “**Subscription Settlement Time**”) or otherwise at the Manager’s discretion. The Manager reserves the right to charge interest at up to 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the relevant Subscription Settlement Time.

No interest will be paid to investors on funds transferred prior to the Subscription Settlement Time or which are otherwise held prior to investment. Such funds may be subject to negative interest (if applicable).

The Manager, at its discretion, has the right to cancel a purchase deal if settlement is overdue and any loss arising on such cancellation shall be the liability of the applicant. The Manager is not obliged to issue Units unless it has received cleared funds from an investor.

Applicants who have received advice may have the right to cancel their application to buy Units at any time during the 14 days after the date on which they receive a cancellation notice from the Manager. If an applicant (except for those investors who subscribe through a regular savings plan) decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. Investors who invest through a regular savings plan will be entitled to cancel their first subscription only; if a regular saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. The Manager may extend cancellation rights to other investors but is under no obligation to do so.

The minimum holding of Units in a Scheme is Units having a value of £1 million. If the value falls below this figure the Manager reserves the right compulsorily to redeem the holding.

The minimum initial investment in Units in a Scheme is Units having a value of £1 million and the minimum subsequent investment in Units in a Scheme is Units having a value of £100,000.

The Manager reserves the right to apply lower minima than those stated above.

On request, Units may also be purchased by application to the Manager on the same basis as above.

Limitations may be placed on the issue of Units where deemed by the Manager to be in the best interests of the relevant Scheme and/or its Unitholders.

## **19.2 Redemption of Units**

Unitholders may redeem Units by completing a redemption form in a format acceptable to the Manager and sending it for the attention of the Registrar at 20 Churchill Place, Canary Wharf, London E14 5HJ. In addition, the Manager may, at its discretion, accept applications for the redemption of Units by such other means as it deems appropriate, including by fax to the Registrar on +44 (0)20 7004 2952 between 9 a.m. and 5 p.m. on Business Days. Any such redemption will be subject to the policies on pricing set out in this Prospectus.

Investors may also submit redemption requests via dealing platforms or other electronic means which have been approved by the Manager. Investors wishing to transact through a platform or via electronic means should contact the Manager for a list of approved platforms. Investors redeeming via dealing platforms or other electronic means are reminded that they must refer to the provider of the dealing platform or electronic means for the procedures that apply to such trading arrangements.

In respect of the Schemes, except for the State Street AUT Japan Screened Index Equity Fund, the State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund and the State Street AUT Emerging Market Screened Index Equity Fund, completed applications for the redemption of Units must be received by the Registrar by 1 p.m. on a Dealing Day. Any applications received after 1 p.m. will be treated as having been received on the next following Dealing Day.

In respect of the State Street AUT Japan Screened Index Equity Fund, the State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund and the State Street AUT Emerging Market Screened Index Equity Fund, completed applications for the redemption of Units must be received by the Registrar by 1 p.m. on the Business Day immediately preceding a Dealing Day. Any applications received after 1 p.m. on the Business Day immediately preceding a Dealing Day will be treated as having been received on the next following Dealing Day.

A contract note and form for the redemption of the Units will be sent normally no later than the Business Day next following the day in which falls the Valuation Point by reference to which the relevant Unit price is calculated.

The proceeds of any redemption will normally be sent by way of bank transfer to the account of the redeeming Unitholder within two Business Days following the relevant Dealing Day following receipt by the Manager of the appropriate information and documents, which will usually be the duly completed redemption form but may include such other documents as the Manager may reasonably require for the purposes of verifying information and the identity of the Unitholder or of his authority or status.

In the absence of any instruction to the contrary, Units will be sold on a last in first out basis.

The minimum number of Units that may be redeemed at any one time in respect of a Scheme is Units to the value of £1 million as long as the minimum remaining holding of Units in that Scheme has a value of at least £1 million (unless the Manager agrees otherwise, at its sole discretion). If the value of the holding in a Scheme falls below £1 million the Manager reserves the right compulsorily to redeem the holding.

Redemptions that are due to take place at a Valuation Point may be deferred to the next Valuation Point where the requested redemptions exceed 10% of the value of the relevant Scheme. All Unitholders who have sought to redeem units at a particular Valuation Point and have had their redemptions deferred will have their Units redeemed at the next Valuation Point. All such redemptions will take place before and in priority to any requests for redemption which are due to take place at that next Valuation Point.

### 19.3 Miscellaneous

- (a) Unitholders are entitled to transfer their Units to another person or body in the form of an instrument of transfer approved by the Registrar. Currently, transfers of title may not be effected on the authority of an electronic communication.
- (b) The Manager is not obliged to issue Units to a person if the Manager has reasonable grounds, relating to the circumstances of the person concerned, for refusing to issue Units to him.
- (c) The Manager may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no Units are acquired or held by any person in circumstances which (i) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory and/or (ii) which would (or would if other Units were acquired or held in like circumstances) result in a Scheme incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) and, in this connection, the Manager may, inter alia, reject at its discretion any subscription for, sale, exchange or transfer of, Units and/or compulsorily redeem or cancel Units held by one or more Unitholders.
- (d) A purchase or sale of Units in writing and/or by other means acceptable to the Manager (including by telephone) is a legally binding contract.
- (e) The Manager, Trustee, any Associate of either of them, or any investment adviser or Associate thereof (an **affected person**) may become the owner of Units and hold, dispose of or otherwise deal with such Units without that person having to account to any other affected person or to the Unitholders or to any of them for any profits or benefits made by or derived from or in connection with any transaction.
- (f) The Manager is under no obligation to account to the Trustee or Unitholders for any profit it makes on the issue or re-issue of Units or on the cancellation of Units that it has redeemed.
- (g) The Manager may, with the prior agreement of the Trustee, and must without delay, if the Trustee so requires, and in each case in accordance with the requirements of the FCA Handbook, suspend the issue, cancellation, sale and redemption of Units in a Scheme where, due to exceptional circumstances, it is in the interest of all the Unitholders to do so. The Manager will notify Unitholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Unitholders details of how to find further information about the suspension. Where such suspension takes place, the Manager will publish sufficient details on its website or by other general means, to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension. Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Manager and the Trustee will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Unitholders. The Manager may agree during the suspension to deal in Units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Units. In respect of instructions outstanding because of a suspension or given during a suspension, Unitholders wishing to withdraw such instructions must give written notice to the Manager before the first dealing point following the end of the suspension.

## 19.4 Anti-Money Laundering

Measures aimed towards the prevention of money laundering may require a detailed verification of the identity of existing Unitholders, applicants for and potential transferees of Units.

By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. Corporate applicants may be required to produce a certified copy of their certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent) and the names, occupations, dates of birth and residential and business addresses of all its directors.

The Manager reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager may take such action as it sees fit including refusing to accept the application and all subscription monies or, if Units have been issued, compulsorily redeeming such Units. It may also withhold redemption proceeds and approval of transfers of Units, as the circumstances warrant.

## 19.5 Subscription and Redemptions in Specie

### Issue of Units in exchange for in specie assets

The Manager may, at its discretion, issue Units of any class by way of exchange for non-cash assets (*Investments*) provided that:

- (a) in the case of a person who is not an existing Unitholder in the relevant Scheme, no Units shall be issued until the person concerned shall have completed an application for Units as required under this Prospectus and satisfied all the requirements of the Manager as to such application;
- (b) the nature of the Investments to be transferred into the relevant Scheme are, in the opinion of the Manager, such as would qualify as investments of that Scheme in accordance with the investment objectives, policies and restrictions of that Scheme;
- (c) no Units will be issued until the Investments have been vested in the Trustee (or any entity appointed by the Trustee to provide custody of the relevant Scheme property); and
- (d) any exchange will be effected upon such terms (including provision for paying any expenses of exchange, any preliminary charge and any anti-dilution levy as would have been payable for Units issued for cash) as provide that the number of Units issued shall not exceed the number which would have been issued for cash against payment of a sum equal to the value of the Investments concerned calculated in accordance with the procedures for the valuation of the relevant Scheme property,

but only if the Trustee has taken reasonable care to ensure that receipt or transfer out of the property concerned would not be likely to result in any material prejudice to the interests of Unitholders

### In Specie redemptions and cancellations of Units

The Manager may, at its discretion, redeem or cancel Units of any class by way of delivery of Investments, provided that:

- (e) a redemption request has been completed and delivered as required by this Prospectus and otherwise satisfies all the requirements of the Manager as to such request;
- (f) the Manager, on receiving a redemption request from a Unitholder, elects (after having consulted with the Trustee) that instead of the Units being redeemed in cash, the redemption will be satisfied in specie by the transfer to the Unitholder of Scheme investments (and all liabilities attached thereto) provided that the value thereof does not exceed the amount which otherwise would have been payable on a cash redemption. Any shortfall between the value of the Scheme investments transferred (and all liabilities attached thereto) on a redemption in specie and the redemption proceeds which would have been payable on a cash redemption will be satisfied in cash. Any decline in the value of the Scheme investments to be transferred in settlement of a redemption between the relevant Dealing Day and the day on which the Scheme investments are delivered to the redeeming Unitholder will be borne by the redeeming Unitholder.

For the avoidance of doubt, the Manager will, at its discretion, be entitled to waive and/or decide not to enforce any of the requirements which it has imposed in this paragraph 19.5.

## **20. PRICES**

The Manager deals at forward prices, that is to say, at the price ruling at the next Valuation Point following receipt of a request to issue or redeem Units in a form acceptable to the Manager. The Valuation Point for each Scheme will be available following publication of valuation pricing used.

The Manager operates single pricing, which means that, subject to applicable charges (including the anti-dilution levy referred to in paragraph 18.1 above), both the issue and the redemption price of a Unit at a particular Valuation Point will be the same.

The price per Unit at which Units may be bought or sold is the Net Asset Value of the relevant Scheme attributed to that class calculated at the relevant Valuation Point divided by the number of Units of that class in issue at that time.

The Net Asset Value of each Scheme is allocated between each class of Unit in accordance with the number of undivided shares in the property of that Scheme represented by each class of Unit. Each Accumulation Unit represents an undivided share in the property of the relevant Scheme upon the initial issue of Accumulation Units.

The most recent buying and selling prices are published daily at [www.ssga.com](http://www.ssga.com).

## **21. TAXATION**

The following summary is intended to offer some guidance on the United Kingdom taxation of the Schemes and their Unitholders as at the date of this Prospectus. This should not be regarded as definitive and will not necessarily be updated in the event of changes to applicable tax laws. Investors should consult their professional advisers if in any doubt as to their tax position. The levels and bases of taxation may change in the future.

For United Kingdom tax purposes the income shown in the accounts of a Scheme as available for distribution or reinvestment will be treated as distributed, whether or not any actual distribution is made. The Schemes will be mainly invested in shares and so will pay dividend distributions.

No Stamp Duty Reserve Tax (“SDRT”) currently arises on the surrender (i.e. the redemption or switching) and transfers on the register of Unitholders.

### **21.1 The Schemes**

Each Scheme is liable to corporation tax at the rate of 20% on its taxable income net of management expenses as if it was a company resident in the United Kingdom.

Distributions received from companies whether United Kingdom or non-United Kingdom (franked investment income) are normally exempt from corporation tax in the hands of a Scheme.

Credit is normally available for foreign withholding tax (to the extent that this cannot be recovered under the provisions of double taxation agreements) on income derived from non-United Kingdom investments against the United Kingdom corporation tax liability (if any) of a Scheme thereon.

Each Scheme, as an authorised unit trust scheme, is exempt from United Kingdom tax on capital gains realised by it on the disposal of its investments.

### **21.2 The Unitholder**

#### **Income**

As explained above, for United Kingdom tax purposes the income shown in the accounts of a Scheme as available for distribution or reinvestment will be treated as distributed, whether or not any actual distribution is made. Accordingly, holders of Accumulation Units will be subject to United Kingdom taxation on their share of the income of a Scheme even though no part of that income is distributed to them.



The liability to United Kingdom income tax of an individual in respect of distributions from a Scheme is as follows:

	<b>Nature of Payment</b>	<b>Nil Rate Taxpayer</b>	<b>Basic Rate Taxpayer</b>	<b>Higher Rate Taxpayer</b>	<b>Additional Rate Taxpayer</b>
<b>Dividend Distribution</b>	Distribution	No liability	7.5% tax due on amount of distribution, subject to a tax-free dividend allowance of £2,000	32.5% tax due on amount of distribution, subject to a tax-free dividend allowance of £2,000	38.1% tax due on amount of distribution, subject to a tax-free dividend allowance of £2,000

The first distribution received by a new Unitholder may include an amount of equalisation. This is not part of the dividend distribution and is not taxable as income. Instead, it is a return of capital, and should be deducted from the cost of the units for the purposes of any capital gains computation in relation to the units. (See paragraph 17 above for further explanation of equalisation.)

Unitholders subject to United Kingdom corporation tax may receive dividend distributions as a mix of franked and unfranked income so as to reflect the nature of the income received by a Scheme (in which case the division will be indicated on the tax voucher relating to that distribution). Any part representing exempt dividends received from a company or other income not taxable in the Scheme will be treated as dividend income (that is franked investment income) and no further tax will be due on it. The remainder will be treated as an annual payment after deduction of income tax at the basic rate, and Unitholders subject to corporation tax may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of an income tax credit attached or be able to reclaim part of the tax deemed to have been deducted as shown on the tax voucher. The amount of the tax credit that can be offset or repaid will be shown on the tax voucher.

A Unitholder subject to taxation in a country other than the United Kingdom will generally not have any United Kingdom tax liability on the income.

### **Gains**

Unitholders who are resident in the United Kingdom for tax purposes may be liable to capital gains tax or corporation tax on chargeable gains arising from the redemption, sale or other disposal of Units. Individuals will have a liability to capital gains tax on the sale or disposal of their Units if their total gains (less relief for any losses) from all sources exceed the exemption applicable for the tax year in which the sale or disposal takes place. Where any distribution is deemed to be paid to an individual Unitholder in respect of his Accumulation Units and is subject to tax in the Unitholder's hands as income as described above, the aggregate amount of such distributions should be treated as allowable expenditure for the purposes of calculating the Unitholder's chargeable gain on the redemption, sale or other disposal of such Units.

Individual Unitholders who are not resident in the United Kingdom in the tax year when they dispose of Units are not liable to capital gains tax or corporation tax on gains arising from the redemption, sale or other disposal of Units. Exceptionally, if they have been resident in the United Kingdom for any part of at least four of the previous seven tax years and become not resident for less than five tax years then they will be liable to tax on gains on the disposal while they are abroad of assets owned before they left the United Kingdom. All such gains in the tax year of departure are chargeable in that year. Gains on such assets arising while they are away will be charged in the tax year when they again resume tax residence.

Corporate Unitholders who are not resident in the United Kingdom are not subject to corporation tax on gains arising from the redemption, sale or other disposal of Units, unless at the time of such disposal they carry on a trade in the United Kingdom through a permanent establishment and the Units are used in or for the purposes of the trade or are acquired by or for the purposes of the permanent establishment.

If, at any time in an accounting period of any United Kingdom corporation tax-paying Unitholder, more than 60% by market value of the relevant Scheme's investments are in "qualifying investments", such Unitholder must treat their holding as a creditor relationship subject to a fair value basis of accounting and any distributions received must be included in the computation of loan relationship credits and debits.

### **UK legislation implementing Agreements under the Global Standard on Automatic Exchange of Information to Improve International Tax Compliance (including "FATCA")**

The UK has legislation to implement agreements which is now collected in the “International Tax Compliance Regulations 2015”.

These regulations require the Schemes to maintain arrangements to identify reportable accounts and report to HM Revenue & Customs information in relation to reportable accounts (as there defined).

In accordance with intergovernmental agreements such information will be passed to relevant foreign tax authorities (for example the US Internal Revenue Service where the account holder is a US Person).

## **22. GENERAL INFORMATION**

The Manager will issue a report to Unitholders no later than two months after the end of the relevant interim accounting period and no later than four months after the end of the relevant annual accounting period and will make available a report no later than two months after the end of the relevant interim accounting period and no longer than four months after the end of the relevant annual accounting period.

The following documents may be inspected free of charge between 9.00am and 5.00pm on every Business Day at the offices of the Manager at 20 Churchill Place, Canary Wharf, London E14 5HJ:

- (a) the most recent annual and half-yearly reports of each Scheme;
- (b) the most recent Prospectus; and
- (c) the Trust Deeds and any subsequent amending documents.

Unitholders may obtain copies of the above documents from the offices of the Manager.

## **23. COMPLAINTS**

The Manager has established a procedure to investigate any complaints, a copy of which is available to you on request to the Manager. If you wish to make a complaint regarding the Manager, then this should be addressed to:

Compliance Officer  
State Street Unit Trust Management Limited  
20 Churchill Place  
London  
E14 5HJ

Email: UKCorporateCompliance@statestreet.com

In the event you are not satisfied you may also have a right of complaint direct to the Financial Ombudsman Service.

## **24. NOTICES**

Notices and documents will be sent (i) by post to Unitholders at their registered addresses or (ii) by electronic transmission (“email”) at the last email address notified to the Manager.

## **25. WINDING UP**

A Scheme may only be wound up as provided under the FCA Handbook. The Trustee will proceed to wind-up a Scheme:

- (a) if the order declaring the Scheme to be an authorised unit trust scheme is revoked; or
- (b) if the Manager or the Trustee requests the FCA to revoke the order declaring the Scheme to be an authorised unit trust scheme and the FCA has agreed (provided no material change in any relevant factor occurs), that on the winding up of the Scheme the FCA will accede to that request; or
- (c) on the expiration of any period specified in the Trust Deed as the period at the end of which the Scheme is to terminate; or

- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Scheme being left with no property.

If any of these events occur, Chapter 5 (Investment and Borrowing Powers), and Chapter 6 (in relation to dealing and valuation and pricing) of the Sourcebook, will cease to apply to the relevant Scheme. The Trustee will cease the creation and cancellation of Units except in respect of the final cancellation and the Manager will stop redeeming and selling Units. In the case of a scheme of arrangement, the Trustee will wind-up the Scheme in accordance with the approved scheme of arrangement.

In any other case, the Trustee will, as soon as practicable after the Scheme falls to be wound-up, realise the assets of the Scheme and after paying, or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings (upon production by them of such evidence, if any, as the Trustee may reasonably require as to their entitlement).

Any unclaimed net proceeds or other cash held by the Trustee after 12 months from the date the proceeds became payable will be paid by the Trustee into Court (or, in Scotland, as the court may direct), although the Trustee will have the right to retain any expenses incurred in making and relating to that payment.

On completion of the winding-up, the Trustee will notify the FCA in writing of that fact and the Trustee or the Manager will request the FCA to revoke the order of authorisation.

## **26. STRATEGY FOR EXERCISE OF VOTING RIGHTS**

A copy of the State Street Global Advisors Annual Stewardship Report and Proxy Voting and Engagement Guidelines is available at: [https://www.ssqa.com/uk/en\\_gb/institutional/ic/insights/asset-stewardship-report](https://www.ssqa.com/uk/en_gb/institutional/ic/insights/asset-stewardship-report)

The policy of the Manager, under normal circumstances, is to delegate the responsibility for exercising voting rights relating to securities held by a Scheme to the Investment Adviser to be voted pursuant to the State Street Global Advisors proxy voting policy, as the same may be amended from time to time. Subject to its full discretion, the Manager may also from time to time appoint and delegate voting authority attached to certain securities which form part of the Schemes to an independent third party as necessitated by regulatory or other requirements.

Investors in certain Schemes may from time to time enter into arrangements with the Manager pursuant to which such investors have the ability to direct that shares held by Schemes in respect of their investment in the Schemes be voted pursuant to a voting policy made available by a third party proxy voting administrator. See further the “Proxy Voting Program Risk” disclosure.

## **27. BEST EXECUTION**

The Investment Adviser’s best execution policy sets out the basis upon which the Investment Adviser will effect transactions and place orders in relation to the Schemes whilst complying with its obligations under FCA Handbook to obtain the best possible result for the Manager on behalf of the Schemes. Details of the best execution policy are available from the Investment Adviser on request.

## **28. INDUCEMENTS**

The Manager will make disclosures in relation to inducements as required by the FCA Handbook. Further details of any such inducements in relation to distribution arrangements are contained in paragraph 4 and additional information may be obtained on request from the Manager.

## **29. REMUNERATION**

State Street operates a group-wide compensation strategy that also applies to all State Street employees that provide services in respect of the Scheme, including those categories of employees whose activities have a material impact on the risk profile of the Manager or the Scheme.

The Executive Compensation Committee (“ECC”) of State Street Corporation has ultimate oversight of the overall compensation system at State Street and has oversight of all compensation plans, policies and programs in which senior executives participate. It also oversees the alignment of the incentive compensation arrangements with State Street’s financial safety and soundness, consistent with applicable regulatory rules and guidance.

The global State Street group remuneration policy, (the “**Remuneration Policy**”) is consistent with and promotes sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profile of the UK UCITS funds that are managed by the Company.

State Street’s overall aim is to attract and retain high-performing employees via its compensation strategy. For the business to succeed, it must remain competitive and cultivate an environment that encourages employees to learn and grow in their careers. Under the Remuneration Policy, the key principles that align State Street’s remuneration system with the business strategy are as follows:

1. An emphasis on total compensation.
2. A pay-for-performance philosophy. Group, business unit and individual performance drive overall compensation levels.
3. A competitive compensation package to attract, retain and reward key talent. State Street targets the aggregate annual value of our total compensation program to the median of the corporate peer group.
4. An alignment with shareholder interests as reflected through the mix of cash, instruments and equity compensation.
5. Compliance with applicable regulations and related guidance, including removing incentives to take excessive risks. Through a process of structured discretion in determining IC pool funding and individual incentive award decisions and the use of deferred awards (e.g., Deferred Stock Awards (“DSAs”), Deferred Value Awards (“DVAs”), SSGA Long Term Incentive (“SSGA LTI”) as a pay delivery vehicle (with ex post adjustments during the deferral period), State Street’s compensation system is made appropriately risk-sensitive and links current decisions and actions to future risk outcomes. A comprehensive set of factors such as risk and capital are considered in addition to business performance and competitiveness.

More details regarding State Street’s remuneration approach including (but not limited to) information on the decision-making process to determine the remuneration policy, its basic characteristics and the linkage between pay and performance, are published separately in State Street’s Proxy Statement at [www.statestreet.com](http://www.statestreet.com) and the UK Pillar 3 Remuneration disclosure at [www.statestreet.com/utility/united-kingdom/legal-disclosure.html](http://www.statestreet.com/utility/united-kingdom/legal-disclosure.html). A copy of either of these documents can be requested free of charge from the Manager.

### **30. TELEPHONE RECORDINGS**

Please note that the Manager and the Investment Adviser will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Scheme(s) or the management of the Scheme(s). The Manager may also record calls for security, training and monitoring purposes, to confirm investors’ instructions and for any other regulatory reason. Recordings will be provided on request for a period of at least five years from the date of such recording or, where requested by a competent authority, for a period of seven years.

### **31. ADDITIONAL INFORMATION**

Any person relying on the information contained in this Prospectus, which is current at the date shown, should check with the Manager that this document is the most current version and that no revisions have been made nor corrections published to the information contained in this Prospectus since the date shown.

This document is important and you should read all the information contained in it carefully. If you are in any doubt as to the meaning of any information contained in this document you should consult either the Manager or your independent financial adviser.

Each Scheme may invest in securities of which an issue or offer for sale was underwritten, managed or arranged by the Manager or an Associate of the Manager during the preceding twelve months.

Units are not available to residents of the United States of America.

## Appendix I

### Sub-custodians used by the Custodian

Market	Sub-custodian
Australia	HSBC BANK AUSTRALIA LIMITED
Austria	UNICREDIT BANK AUSTRIA AG
Belgium	BNP PARIBAS SECURITIES SERVICES
Brazil	CITIBANK NA SAO PAULO BRAZIL
Canada	STATE STREET TRUST COMPANY CANADA
Canada	ROYAL BANK OF CANADA
Chile	CITIBANK SANTIAGO, CHILE
China	HSBC BANK (CHINA) COMPANY LIMITED
Colombia	CITIBANK COLOMBIA
Czech Republic	CESKOSLOVENSKA OBCHODNI BANKA A.S.
Denmark	SKANDINAVISKA ENSKILDA BANKEN AB (SEB)
Egypt	CITIBANK N.A. – CAIRO BRANCH
Finland	SKANDINAVISKA ENSKILDA BANKEN AB (SEB)
France	BNP PARIBAS SECURITIES SERVICES
Germany	CLEARSTREAM BANKING AG
Germany	DEUTSCHE BANK AG
Greece	BNP PARIBAS SECURITIES SERVICES
Hong Kong	HONG KONG AND SHANGHAI BANKING CORPORATION
Hong Kong Stock Connect	STANDARD CHARTERED BANK (HONG KONG)
Hungary	UNICREDIT BANK HUNGARY ZRT
Iceland	LANDSBANKINN HF
Indonesia	STANDARD CHARTERED BANK
India	HONG KONG AND SHANGHAI BANKING CORPORATION
Ireland	STATE STREET BANK AND TRUST COMPANY
Italy	INTESA SANPAOLO SPA
Japan	HONGKONG AND SHANGHAI BANKING CORPORATION
Japan	MIZUHO BANK, LTD.(CUSTODY)
Korea	HONGKONG AND SHANGHAI BANKING CORPORATION
Kuwait	FIRST ABU DHABI BANK PJSC
Malaysia	STANDARD CHARTERED BANK, MALAYSIA
Mexico	CITIBANK MEXICO
The Netherlands	BNP PARIBAS SECURITIES SERVICES
New Zealand	HONGKONG AND SHANGHAI BANKING CORPORATION
Norway	SKANDINAVISKA ENSKILDA BANKEN AB (SEB)
Pakistan	DEUTSCHE BANK, KARACHI BRANCH
Peru	CITIBANK NA LIMA
Philippines	STANDARD CHARTERED BANK
Poland	BANK HANDLOWY W WARSZAWIE S.A
Portugal	CITIBANK EUROPE PLC, PORTUGAL BRANCH

<b>Market</b>	<b>Sub-custodian</b>
Romania	CITIBANK EUROPE PLC, DUBLIN BRANCH
Singapore	CITIBANK,N.A.
Qatar	HSBC BANK MIDDLE EAST LIMITED
Russian Federation	AO CITIBANK, MOSCO
Saudi Arabia	FIRST ABU DHABI BANK PJSC
Saudi Arabia	SAUDI BRITISH BANK, THE
Singapore	CITIBANK, N.A.
South Africa	FIRSTRAND BANK LIMITED
Spain	CITIBANK EUROPE PLC, SPAIN BRANCH
Sweden	SKANDINAVISKA ENSKILDA BANKEN AB (SEB)
Switzerland	UBS SWITZERLAND AG
Taiwan	STANDARD CHARTERED BANK, (TAIWAN)
Thailand	STANDARD CHARTERED BANK (THAI) PCL
Turkey	CITIBANK A.S
United Arab Emirates	FIRST ABU DHABI BANK PJSC
United Kingdom	STATE STREET BANK AND TRUST COMPANY
United States	DEPOSITORY TRUST AND CLEARING CORPORATION

## **Appendix II**

### **Lending Schemes**

State Street AUT Europe ex UK Screened Index Equity Fund

State Street AUT Asia Pacific Ex-Japan Screened Index Equity Fund

State Street AUT UK Screened Index Equity Fund

State Street AUT Emerging Market Screened Index Equity Fund