Brown Advisory Global Sustainable Total Return Bond Fund (GBP)

Supplement No. 3 dated 22 September 2023 to the Prospectus of the Company dated 22 December 2020 for Brown Advisory Funds plc

This Supplement contains specific information in relation to Brown Advisory Global Sustainable Total Return Bond Fund (GBP) (the "**Fund**"), a fund of Brown Advisory Funds plc (the "**Company**") an umbrella type open-ended investment company with variable capital and segregated liability between funds, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**").

This Supplement forms part of and should be read in conjunction with the Prospectus of the Company dated 22 December 2020.

The Directors of Brown Advisory Funds plc, whose names appear in the **Directors of the Company** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Shareholders in the Enhanced Income Share Classes ("**Enhanced Income Shareholders**") should note that some or all of the dividends attributable to the Class may be paid out of the capital of the Fund. The policy of paying dividends from capital will have the following effects: (i) capital will be eroded; (ii) distribution is achieved by forgoing the potential for future capital growth; and (iii) this cycle may continue until all capital is depleted. Enhanced Income Shareholders should also note that the payment of dividends out of capital may have different tax implications to distributions out of income and therefore tax advice should be sought in this regard. The value of future returns may also be diminished. In this regard, distributions out of capital should be understood as a type of capital reimbursement.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Sub-Investment Manager has determined that the Fund is an Article 8 Fund.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: 22 September 2023

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Definitions

In this Supplement, the following words and phrases shall have the meaning indicated below:

"**Agency**"	the following quasi-governmental agencies in the United States: (i) the Government National Mortgage Association (known as GNMA or Ginnie Mae) (ii) the Federal National Mortgage Association (FNMA or Fannie Mae); and (iii) the Federal Home Loan Mortgage Corporation. (Freddie Mac), in their capacity as issuers or guarantors of asset-backed securities, and "**non-Agency**" should be construed accordingly;
"**Article 8 Fund**"	a Fund determined by the Investment Manager to be a financial product which complies with Article 8 of the SFDR;
"**Bank of England's SONIA Compounded Index**"	the Sterling Overnight Index Average ("**SONIA**"), administrated by the Bank of England, which is based on actual transactions and reflects the average of the interest rates that banks pay to borrow Pounds Sterling overnight from other financial institutions and other institutional investors; the index value for each day is calculated using the SONIA interest rate for the previous business day, which is published on the same day as the index calculation;
"**Bloomberg Barclays Global Aggregate 1-10 Year Total Return Index (GBP Hedged)**"	the Bloomberg Barclays Global Aggregate 1-10 Year Total Return Index (GBP Hedged) is a flagship measure of global investment grade debt from twenty-four (24) local currency markets, with maturity dates between one (1) and up to, but not including, ten (10) years. This multi-currency benchmark includes treasury, sovereign-related, corporate, and securitised fixed-rate bonds from both developed and emerging markets issuers;
"**Bond Connect**"	Bond Connect is a mutual bond market access link between Hong Kong and the PRC which facilitates investment in the China Interbank Bond Market ("**CIBM**") through mutual access and connection arrangements between the related financial infrastructure institutions of Hong Kong and the PRC without quota limitations;
"**Comparator Benchmark**"	for the purposes of this Supplement, the Bloomberg Barclays Global Aggregate 1-10 Year Total Return Index (GBP Hedged);
"**Environmentally Sustainable Investment**"	an investment in an economic activity that contributes to an environmental objective, as

	measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy;
"**ESG**"	environmental, social, and governance;
"**Investment Grade**"	(i) a rating of BBB- / BBB- / Baa3 or higher, by Standard & Poor's, Fitch Ratings, or Moody's Investment Services, respectively; or (ii) unrated but determined by the Manager and/or the Sub-Investment Manager to be of comparable quality, and "**Non-Investment Grade**" should be construed accordingly;
"**PRC**"	the People's Republic of China;
"**SFDR**"	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, along with any regulatory technical standards (RTS) thereto, as the context requires;
"**Socially Sustainable Investment**"	an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities;
"**Sub-Investment Manager**"	Brown Advisory Limited;
"**Sustainability Risk**"	an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment;
"**Sustainable Investment**"	an Environmentally Sustainable Investment and/or Socially Sustainable Investment, as the context requires; provided that such investments do not significantly harm any economic or social objectives and that the investee entities follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;
"**Taxonomy Regulation**"	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate

	sustainable investment, and amending Regulation (EU) 2019/2088, along with any regulatory technical standards (RTS) thereto, as the context requires; and
"**UN SDG**"	the United Nation's Sustainable Development Goals, which are a collection of seventeen interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all.

Investment Objective and Policies

Investment Objective

The objective of the Fund is to target a positive total return (comprising current income and capital gains) above the Bank of England's SONIA Compounded Index (the "**Target Benchmark**") over a full economic cycle, by investing in a broad range of global fixed-income securities and associated FDIs and currencies. The Fund is not constrained by any benchmark.

Investment Policies

The Fund promotes environmental and social characteristics, as described under *ESG and Sustainable Investments Promotion and Integration of Sustainability Risks* below, by investing directly or through the use of FDIs, in a variety of corporate and/or sovereign issued fixed-income securities and FDIs in order to achieve the Fund's investment objective. The Fund may invest in securities of any credit rating quality, including Non-Investment Grade securities.

The Fund's investments will be comprised principally of In-Scope ESG Investments (as defined under *Research Tools, Assessment, and Integration* below), a substantial portion of which will be Sustainable Investments. However, as at the date of this Supplement, there is insufficient reliable, timely and verifiable data available to assess what portion of the investments underlying the Fund can be considered Sustainable Investments.

Save as provided for below, investments will not be limited by sector, region, security, or yield curve. The Fund is primarily invested in global fixed-income securities denominated in Pounds Sterling or hedged back to Pounds Sterling.

The Fund may invest up to:

- 50% of its Net Asset Value in below-Investment Grade or Non-Investment Grade fixed-income securities;
- 50% of its Net Asset Value in fixed-income securities of Emerging Market Countries[1];
- 40% of its Net Asset Value in asset-backed securities ("**ABS**") including mortgage-backed securities ("**MBS**") and commercial mortgage-backed securities ("**CMBS**");
- 10% of its Net Asset Value in non-Agency ABS;
- 10% of its Net Asset Value in convertible securities including contingent convertible bonds ("**CoCos**");

[1] Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Exchange and are not expected to exceed 10% of the Net Asset Value of the Fund.

- 20% of its Net Asset Value in China onshore bonds traded through Bond Connect;
- 10% of its Net Asset Value in collateralised loan obligations ("**CLOs**") and collateralised mortgage obligations ("**CMOs**"), in aggregate;
- 30% of its Net Asset Value in Rule 144A securities; and
- 10% of its Net Asset Value in Rule 144A securities with no registration rights.

However, the Fund shall have a maximum aggregate exposure limit to non-Agency ABS, CoCos, CLOs, CMOs and Rule 144A securities with no registration rights of 15% of its Net Asset Value. The Sub-Investment Manager expects this maximum exposure limit will only be reached in limited scenarios such as when these asset types exhibit strong absolute and relative valuations and liquidity profile against a backdrop of stable macro-economic fundamentals and abundant monetary and fiscal liquidity.

The Fund may enter into to be announced ("**TBA**") transactions to purchase mortgage-related securities (MBS and CMBS) for a fixed price at a future date.

With the exception of permitted investment in non-publicly traded securities, such as Rule 144A securities with no registration rights, all securities invested in will be listed or traded on the markets or exchanges listed in Appendix of the Prospectus.

The Fund may invest substantially in deposits with credit institutions during periods of high market volatility.

The Fund may use FDIs with the aim of making investment gains in line with the Fund's objective, to reduce risk or to manage the Fund more efficiently. The Fund may employ short positions in interest rate FDIs, currency FDIs and credit FDIs either to hedge other long exposures in the portfolio or as part of a 'relative value' trade whereby there would be a similar long position (*e.g.*, long a company, short a credit index), as further described at *Currency, Interest Rate, and Credit FDIs* below. There will be no outright short positions.

Sub-Investment Manager's Investment Process

The Sub-Investment Manager combines top-down, global macroeconomic analysis with bottom-up, fundamental research to help identify the countries, sectors, industries and companies that it believes will offer the greatest total return potential over the long term. The Sub-Investment Manager's macroeconomic analysis focuses on analysing and seeking to identify the current phase of the economic cycle, principally that of the largest and most impactful economies globally (U.S., Europe, Japan, and China). The inputs utilised for analysis include, but are not limited, to: (i) Market-based measures such as financial conditions (shape of yield curves, pricing of expected central bank policy rates, level of long term interest rates, credit spreads, equity markets) and commodity prices; (ii) Econometric factors – GDP momentum, inflation, OECD leading indicators, money supply, credit growth; (iii) Survey-based factors – manufacturing activity, business and consumer confidence; and (iv) Alternative factors – air freight indices, trucking rates, shipping rates.

The Fund will seek to actively manage yield curve risks in each of the countries in which it invests by considering the potential relative changes in yields between fixed-income securities of different maturities as well as the overall change in interest rates in a country or currency. A yield curve describes the interest rates at differing maturities in a country or currency for a given credit rating. Typically, longer term fixed-income securities have higher yields than shorter-term fixed-income securities of a similar credit rating due to the greater price risks associated with time to maturity. However, interest rates at different maturities may not move up and down to the same extent and, from time to time, a yield curve can even become inverted, whereby longer-term fixed-income securities yield less than shorter maturities.

The Sub-Investment Manager develops and probability-weights a range of economic scenarios from which it projects expected central bank monetary policy actions. In addition, the Sub-Investment Manager utilises its economic projections to infer likely changes in government bond yields and credit spreads in each scenario, in order to produce total return and volatility forecasts for its investible asset classes.

The Sub-Investment Manager's bottom-up research focuses on fundamental credit research analysis of individual issuers and relative value-based security selection. The bottom-up research process is comprised of an integrated fundamental and ESG-orientated approach to security selection, as further detailed under *ESG and Sustainable Investments Promotion and Integration of Sustainability Risks* and **Socially Responsible Investment Guidelines** below. The process includes analyses of the industry, available market, competitive landscape, and sustainability.

The Sub-Investment Manager's research team relies on fundamental and ESG expertise to assess the most attractive issuers in a given sector. Issuers are selected as a function of their capacity to provide investors with coupons and principal repayment, their adherence to sustainability principles, and valuation. Securities are selected by assessing the structure of the issuer to determine optimal risk/reward. Investment decisions are made after reviewing investment thesis, financial models, investment memos, investment presentations, and ongoing communication between the Sub-Investment Manager's portfolio managers and the research team. The Sub-Investment Manager believes that when executed successfully, this investment approach can provide sustainable excess returns over the Target Benchmark (as set out in the *Investment Objective*) and is a consistent strategy for adding value to a global portfolio.

Detail on the Instruments in which the Fund may Invest and the Risks of such Investments

There can be no assurance that the Fund's investments will be successful or that the Investment Objective of the Fund will be achieved. Investors should carefully assess the risks associated with an investment in the Fund. In addition to the risks described with regard to particular instruments below, please see the risks described in the section entitled **Risk Factors** of the Prospectus and **Risk Factors** below.

Asset-Backed Securities

ABS are fixed-income securities issued by corporations or other entities (including public or local authorities) backed or collateralised by the cash flow arising from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, motor vehicle loans and student loans).

MBS are structured like ABS but participate specifically in, or are secured by, residential or commercial mortgage loans. CMBS are MBS which participate specifically in, or are secured by, commercial mortgage loans. The MBS and ABS in which the Fund may invest will not contain embedded derivatives.

The obligations associated with these securities (and the *Collateralised Asset-Backed Securities* listed below) may be subject to greater credit, liquidity and interest rate risk, compared to other fixed-income securities such as sovereign-issued bonds.

In addition, ABS and MBS are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets. Prepayment risk generally increases when interest rates fall, while extension risk generally increases when interest rates rise. Some ABS and MBS receive payments wholly derived of either interest or principal of the underlying assets. The values and yields of these investments may be extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. The market for these investments may be at times more volatile and less liquid than that for more traditional fixed-income securities.

Collateralised Asset-Backed Securities

CMOs are fixed-income securities that are backed by cash flows from pools of mortgages. CMOs may have multiple classes with different payment rights and protections. The Fund invests in various CMOs tranches that may be structured with different priority rights to their underlying mortgage payments.

CLOs are structured finance securities collateralised (or backed) predominantly by a pool of below-Investment Grade, first lien, senior secured, and/or syndicated loans (which may be leveraged or unleveraged) and may also have smaller allocations to other types of investments such as loans to middle market companies (companies with revenues ranging from $10 million to $1 billion) and second lien loans. The Fund generally invests in broadly syndicated cash flow CLOs backed by a diversified portfolio of actively managed corporate bank loans. The underlying loans of such CLOs are typically made up of predominantly first-lien floating rate loans to corporate borrowers, many of which have below-Investment Grade ratings.

The Fund generally invests in broadly-syndicated cash flow CLOs backed by the Sub-Investment Manager's macroeconomic analysis focused on analysing and seeking to identify the current phase of the economic cycle, principally that of the largest and most impactful economies globally (U.S., Europe, Japan, and China).

CLOs are similar to a CMO, except that the underlying instruments are loans instead of mortgages. CLOs are selected through bottom-up analysis of underlying loan collateral, transaction structure, collateral manager, and documentation. CLOs are continuously monitored and evaluated, as the underlying loan collateral is actively managed by a collateral manager through the deal's life. Attractive opportunities are sourced according to broad trends in the corporate/bank loan market, pricing inefficiencies in the primary/secondary market or capital structure, relative value across other asset classes and underlying collateral, and other factors. MBS and CMO investments are evaluated according to the prepayment, default, liquidity, and other risks associated with the investments. Many mortgage-related securities, particularly Agency-backed MBS, have elevated levels of interest rate risk relative to other fixed income investments, thus security selection involves significant prepayment risk analysis as well as individual and portfolio-level impacts on duration and convexity. Some types of mortgage-backed securities, such as CMBS and non-Agency MBS, have higher levels of default risk, with security selection focused on borrower and property risk factors including borrower credit quality, loan purpose, geography, and others.

Contingent Convertible Bonds

The Fund may also invest in CoCos, which convert to equity only upon the occurrence of a specified event. CoCos are issued by financial institutions as an economically and regulatory efficient means of raising capital. They are a form of contingent hybrid fixed-income security which will usually be issued in the form of subordinated debt instruments. These instruments behave like fixed-income securities in normal circumstances but either convert to equity securities or have equity write down (full or partial) loss absorption mechanisms on the occurrence of a particular 'trigger' event (*i.e.*, the point at which the loss-absorption mechanism is activated). A write down means that some or all of the principal amount of the CoCo will be written down. The trigger events may, for example, be based on a "*mechanical*" rule (*e.g.*, the issuer's regulatory capital ratios) and/or discretionary such as a regulatory supervisor's discretion/judgement.

The characteristics of CoCos outlined above typically result in such securities offering relatively high returns which are consistent with the *Investment Objective* of the Fund.

Given the rules and laws introduced over the past decade relating to risk, capitalisation, and leverage disclosures required by banks, the market and the Fund now have access to a unique level of transparency on underlying fundamentals and risks when analysing CoCos including their coupon optionality, loss absorption, and perpetuity, and their suitability for investment within a given portfolio.

Certain risks specifically applicable to CoCos include:

- *Trigger level risk and capital structure inversion risk:* Certain CoCos have "*mandatory conversion*" features, which means that the CoCo consists of fixed-income securities or preferred stocks that convert automatically into equity on the occurrence of a particular trigger event. Mandatory conversion securities may limit the potential for capital appreciation and, in some instances, are subject to complete loss of invested capital. In addition, certain CoCos are issued with "*write down*" features. This means that the principal amount of the CoCo will be written down after a specific trigger event. If a trigger event, depending on the terms and conditions of the CoCo, occurs and is continuing, then the principal amount of all of the relevant CoCos is automatically and at least temporarily reduced to a specific percentage (*e.g.*, 25%) of the original principal amount or permanently written down in full. Thus, the amount of the repayment claim will be reduced accordingly. The conversion of a CoCo to equity or the write down of the principal amount of the CoCo may be triggered by specified events that might be independent from the particular need of an issuer.

- *Coupon cancellation risk and call extension risk*: While certain CoCos are issued with a stated maturity and fixed coupons, others are issued as perpetual instruments, which may be callable at pre-determined levels only with the approval of the relevant competent authority or at the option of the issuer in its sole discretion. It therefore cannot be assumed that the perpetual CoCos will be called on a call date and the investor may not receive return of principal if expected on a call date or indeed any date. CoCos may also have fully discretionary coupons and these coupons can be cancelled by either national regulators or the issuer. This should be read in conjunction with *Call Risk* as set out in the section entitled **Risk Factors** of this Supplement.

- *Other risk factors*: The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios which may impact on the ability of the issuer to return principal or pay coupons; (ii) supply and demand for the CoCos; and (iii) general market conditions, economic, financial and political events that affect the issuer.

Convertible Securities

A convertible security (including synthetic convertible investments) is a security that can be converted into a predetermined amount of shares of an issuer's common stock for a predetermined price (the conversion price) at certain times during its life, usually at the discretion of the bondholder, and may include debt obligations and preferred stocks of the company issuing the security.

A convertible security is a security with an embedded option to exchange the fixed-income security for equity. The Fund may use convertible securities to obtain exposure to an issuer or to acquire the equity securities of such issuer consistent with the Fund's investment policies. The credit standing of the issuer and other factors such as interest rates may also affect the investment value of a convertible security. The conversion value of a convertible security is determined by the market price of the underlying equity security and therefore is exposed broadly to the same risks as that of the underlying equity security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument.

The convertible securities in which the Fund may invest consist of bonds, notes, debentures and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares. Convertible securities may offer higher income than the shares into which they are convertible. The Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying shares or sell it to a third party.

Certain convertible securities may include a "*put option*" which entitles the Fund to sell the security to the issuer before maturity at a stated price, which may represent a premium over the stated principal amount of the fixed-income security. Conversely many convertible securities are issued with a "*call*" feature that allows the security's issuers to choose when to redeem the security.

This section should be read in conjunction with **Convertible and Other Equity Related Securities Risk** in the section entitled **Risk Factors** of the Prospectus.

Currency, Interest Rate and Credit FDIs

The Fund intends to manage currency exposures through the active use of currency FDIs for investment purposes. The Fund may utilise futures (including foreign exchange ("**FX**") futures), options, forwards, (including FX forwards and forward rate agreements) and any FX investment arrangements, whether exchange traded or "*over-the-counter*" ("**OTC**"), whether for the purpose of making a profit or avoiding a loss. The Fund may employ short positions in currency FDIs, interest rate FDIs and credit FDIs either to hedge other long exposures in the portfolio or as part of a 'relative value' trade in which some elements of economic exposure in a fixed-income security, or group of securities, are hedged by taking a short position in an FDI. For example, the Sub-Investment Manager may hold a neutral view on corporate credit as an asset class but anticipate that specific bonds may outperform as a result of company or security-specific attributes, in which case the bonds would be acquired and, simultaneously, a short position in an appropriate credit index would be taken. There will be no outright short positions. This should be read in conjunction with **Financial Derivative Instruments** below.

Fixed-Income Securities

The types of fixed-income securities in which the Fund may invest include: nominal and index linked fixed and floating bonds issued or guaranteed by sovereigns, their agencies, instrumentalities, and political sub-divisions; central banks or commercial banks, debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate bonds, including freely transferable promissory notes; convertible and non-convertible securities; commercial paper, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; Eurodollar bonds and Yankee dollar instruments (including senior and subordinated notes); and Rule 144A and Regulation S securities.

A Yankee dollar instrument is US Dollar-denominated obligation issued in the United States by non-US corporations or other entities.

Interest Payment and Reset Terms

Fixed-income securities may contain any type of interest rate payment or reset terms, including fixed rate, floating (variable) rate, adjustable rate, zero coupon (where no interest is paid and which trades as a discount to its face value), step coupon (where interest rates change over the life of the bond), contingent (where interest is only paid if certain conditions are met, *e.g.*, if the issuer's share price is trading above a specified level on a specified date), deferred (where interest is deferred until a specified date), payment-in-kind (PIK) (where interest payments are replaced by additional securities/payable in kind) and those with auction rate features (being securities with long maturities but with coupons linked to short-term interest rates). The market prices of bonds where interest is not paid on a regular basis is generally more volatile than the market prices of securities that pay interest on a regular basis. Since the Fund will not receive cash payments earned on such securities on a current basis, the Fund may be required to make distributions from other sources. This may result in higher portfolio turnover rates and the sale of securities at a time that is less favourable.

Investment in Eligible Fixed-Income Securities in China

The Fund may achieve exposure to China by investing in eligible fixed-income securities traded on CIBM through Bond Connect; see **Bond Connect** below for further information.

Rule 144A and Regulation S Securities

The Fund may invest in Rule 144A (securities permitted to be privately resold pursuant to Rule 144A of the 1933 Act without having to be registered under the 1933 Act to the extent that the resale is made to certain types of institutional investors) and Regulation S (a safe harbour from the registration requirements of the 1933 Act for offshore offers and sales of securities) securities, which may include a corporate bond offered and sold outside of the US to non-US investors, the extent to which will vary depending on market conditions and the availability of what the Sub-Investment Manager considers appropriate opportunities for the Fund. This should be read in conjunction with **Rule 144A Securities and Regulation S Securities Risk** in the section entitled **Risk Factors** in the Prospectus.

Profile of a Typical Investor and Target Market Identification

The Fund is suitable for investors (primarily institutional, experienced high-net-worth or ultra-high-net-worth individuals and, unless prohibited by the rules of a particular jurisdiction, retail) capable of evaluating the merits of their prospective investments and associated risks, seeking to achieve capital appreciation over the long term (*i.e.*, greater than five (5) years) by taking exposure to a diversified portfolio consisting primarily of fixed-income securities who are expected to desire ESG principles to be applied in the selection of these securities. The Fund invests primarily in fixed-income securities as described above and so investors should consider investment in the Fund as medium risk.

Investors should be prepared to bear all losses (*i.e.*, 100% of the original investment amount). The Fund may not be compatible for investors outside the target market or those that are not able to bear all losses with respect to their investment. The Fund is available through all distribution channels (*e.g.*, investment advice, portfolio management, non-advised sales, and pure execution services).

ESG and Sustainable Investments Promotion and Integration of Sustainability Risks

An Overview of the Sub-Investment Manager's Sustainable Investing Policy

The Sub-Investment Manager integrates sustainable investing principles as part of its investment process (as further detailed herein and under **Socially Responsible Investment Guidelines** below), and the ESG research analysts of the Sub-Investment Manager are integrated into the overall fundamental research effort that supports the strategy of the Fund.

ESG research analysts work with fundamental analysts across asset classes and industry sectors, and with the portfolio managers of the Fund, in a bottom-up, fundamental research process that seeks to examine individual securities to drive performance, values alignment, positive impact or a combination of those three outputs, including an assessment of Sustainability Risks on the returns of the Fund.

Portfolio decisions for the Fund are supported with fundamental and ESG research. A focus on sustainability is integral to the Sub-Investment Manager's philosophy for Article 8 Funds, including the Fund, and the sustainable traits of Fund holdings which are In-Scope ESG Investments (as defined under *Research Tools, Assessment, and Integration* below) have the potential to drive tangible improvements in financial performance and beneficial impacts upon society.

ESG Research Integration

The Sub-Investment Manager's ESG research analysts are a core component of the firm's broader fixed-income investment research team. The ESG research analysts work together across asset classes to provide ESG research coverage of portfolio names that are held or are being considered for the Fund. At the same time, the ESG research analysts are integrated members of the research teams for their respective asset classes, working closely with fundamental analysts and portfolio managers to support portfolio decisions.

Research Tools, Assessment, and Integration

The Sub-Investment Manager integrates the following tools, as applicable, as part of its investment process with respect to the In-Scope ESG Investments (each such term as defined and further detailed below):

- Risk Assessment;
- Opportunity Assessment;
- Use of Proceeds Assessment; and
- Good Governance Assessment.

The Sub-Investment Manager uses a proprietary qualitative and quantitative approach to identify, consider and integrate an ESG risk assessment (the "**Risk Assessment**") and a sustainable opportunity assessment (the "**Opportunity Assessment**", together with the Risk Assessment, the Use of Proceeds Assessment, and the Good Governance Assessment (each defined below) the "**ESG Assessment**") to identify investments in corporate and sovereign issuers, as well as other asset classes when relevant information is available to the Sub-Investment Manager (the "**In-Scope ESG Investments**"), throughout the investment lifecycle.

As part of this approach, the Sub-Investment Manager will ascertain whether or not the In-Scope ESG Investments are Sustainable Investments. ESG factors are considered by leveraging a process that seeks to minimise risk and capture opportunity. The Risk Assessment outlines what the Sub-Investment Manager believes to be the issuer's exposure to, and management of, a variety of ESG factors and the Opportunity Assessment outlines factors that the Sub-Investment Manager believes may provide positive environmental and social impacts generated by the issuer or individual. The ESG Assessment will identify Sustainable Investments, and is informed by various ESG data sources, where necessary, including engagement with the issuers of the securities, when possible and material to the portfolio, such as to ascertain whether such issuers follow good governance practices, in particular, with regard to (i) board composition and structure; (ii) human capital management and labour practices; and (iii) tax compliance ("**Good Governance Practices**").

An assessment of a bond issuer's use of proceeds (the "**Use of Proceeds Assessment**") is also conducted for any bonds that designate proceeds for environmental and/or social projects and have been labelled as such by the issuer ("**labelled bonds**") in order to assess the impact and determine alignment with the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG), and the Sustainability-Linked Bond Principles (SLBP) (collectively referred to as the "**Principles**"). The International Capital Market Association ("**ICMA**") serves as Secretariat to the Principles, which have become the leading framework globally for the issuance of sustainable bonds and are backed by a global market initiative bringing together all market participants and stakeholders from the private and official sectors.

Other labelled bonds may include UN SDG Bonds, UN SDG-linked Bonds, or debt instrument issued by governments, development banks, or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits ("**Blue Bonds**").

The Fund seeks to promote environmental and social characteristics by investing primarily in bonds, the issuers of which shall follow Good Governance Practices, that generate impact in one of three ways:

1. **Labelled Bonds** – Investments in labelled bonds where the issuer has committed to financing or attaining specific environmental and/or social objectives, including but not limited to the below based on the main labels of bonds issued to date, including those recognised by ICMA.

Sustainable Bond Category	**Objective**
Green Bonds	Environmental goals
Social Bonds	Social goals and/or target populations
Sustainability Bonds (including UN SDG Bonds, Blue Bonds)	Environmental and social goals and/or specifically addressing UN SDG's
Transition Bonds	Transition to low-carbon business models
Sustainability-linked Bonds (or UN SDG-linked Bonds)	Based on Key Performance Indicators (KPIs)

2. **Targeted Use of Proceeds** – Investments in bonds that are not officially labelled but are funding environmental or social projects that the Sub-Investment Manager believes fit its criteria.

3. **Impactful Issuer** – Investments in issuers that the Sub-Investment Manager believes are generating positive environmental or social impacts through their operations or product/service offerings.

The nature of the ESG Assessment, the Use of Proceeds Assessment, and the underlying ESG factors assessed may vary depending on asset class, particularly with respect to any assessment of Good Governance Practices (the "**Good Governance Assessment**"). For instance, for corporates, ESG factors considered include but are not limited to: (i) board composition and structure; (ii) human capital management and labour practices; and (iii) resource intensity. For sovereigns, ESG factors considered include but are not limited to: (i) control of corruption; (ii) health and education; and (iii) natural resource management.

Primary Decision Drivers and Integration of Sustainability Risks

All In-Scope ESG Investments are vetted for Sustainability Risk. Research seeks to identify material Sustainability Risks and portfolio managers take these Sustainability Risks into consideration when making an investment decision.

Accordingly, consideration of Sustainability Risks is systematically integrated in the Sub-Investment Manager's investment process and investment decisions for all In-Scope ESG Investments for the Fund.

The Sub-Investment Manager's sustainable investing approach seeks, first and foremost, to contribute positively to the performance of the Fund. The Sub-Investment Manager's research efforts aim to uncover Sustainability Risks that may materially impact the return from an investment, as well as sustainable opportunities that may lead to better returns. One output of the Sub-Investment Manager's sustainable investing research is a roster of investments that are Sustainable Investments; however, the Sub-Investment Manager's primary use of ESG research is to enhance returns for investors.

Accordingly, the results of ESG Assessments on In-Scope ESG Investments as part of the Sub-Investment Manager's investment process for security selection are likely to diminish the impacts of Sustainability Risks on the returns, and improve the overall risk profile, of the Fund.

Transparency of Environmentally Sustainable Investments

Environmentally Sustainable Economic Activities and Do No Significant Harm

The Sub-Investment Manager has determined that the Fund is an Article 8 Fund, as the Fund promotes environmental and social characteristics.

The Sub-Investment Manager has not collected and evaluated data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Fund are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("**Taxonomy Aligned Investments**"). The Fund has zero exposure to Taxonomy Aligned Investments.

The Sub-Investment Manager does not have access to sufficient data to assess taxonomy alignment.

SFDR introduced a harmonised definition of Sustainable Investments which provides that investee companies follow good governance practices and the precautionary principle of "*do no significant harm*" is ensured, so that neither the environmental nor the social objective is significantly harmed.

The Taxonomy Regulation states that for the purposes of establishing the degree to which an investment is environmentally sustainable, an economic activity shall qualify as an Environmentally Sustainable Investment where that economic activity:

(a) contributes substantially to one or more of the environmental objectives set out in the Taxonomy Regulation;
(b) does not significantly harm any of the environmental objectives (climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems);
(c) is carried out in compliance with minimum safeguards; and
(d) complies with technical screening criteria.

An economic activity should not qualify as environmentally sustainable if it causes more harm to the environment than the benefits it brings.

Socially Responsible Investment Guidelines

Socially Responsible Investment ("**SRI**") is broadly defined as an investment approach that aims to integrate social, environmental and ethical considerations into investment selection. Therefore, the corporate bonds in which the Fund invests are screened based on certain SRI criteria in accordance with various principles set out in declarations and conventions signed by the international community.

The Fund intends to invest in companies with measurable ESG outcomes, as determined by the Sub-Investment Manager, and seeks to exclude companies and industries that are not aligned with the environmental and social characteristics the Fund promotes. In addition to the Sub-Investment Manager's proprietary and qualitative ESG analysis, the Sub-Investment Manager will rely on third-party providers, such as MSCI ESG Research LLC, to apply a rules-based screening process which seeks to identify corporate bond issuers that may have controversial business involvement, as determined by the Sub-Investment Manager. When third-party data is not available, the Sub-Investment Manager will utilise discretion in making investments.

Specifically, the Fund seeks to exclude knowingly owning bonds issued by companies:

- that defy the ten United Nations Global Compact Principles ("**UNGC**"); and/or
- that conduct animal testing for non-medical purposes and do not exhibit strong ethical policies and practices; and/or
- that are principally involved in the manufacture, production, operation, or sale of weapons, alcohol, tobacco, adult entertainment, or gambling activities; and/or
- whose primary business activities are directly tied to conventional exploration, extraction, production, manufacturing or refining coal, oil or gas; and/or
- with significant assets directly invested in conventional fossil fuel reserves.

Exceptions

The exception to the above is that the Fund may invest in labelled bonds (as described above), or other fixed-income securities that are issued to raise capital to support environmental or social projects and objectives, and often times help to facilitate the transition to more sustainable practices. Investment in such instruments will be subject to diligence by the Sub-Investment Manager.

Labelled bonds may be issued by issuers that are involved in one or more of the business activities that the Sub-Investment Manager would normally avoid. In cases where the issuer of a labelled bond is involved in one or more of the normally avoided business activities, but the labelled bond has been issued to raise capital to support a project or objective that the Sub-Investment Manager deems to be promoting environmental or social characteristics, the labelled bond may be invested in by the Fund.

Investors are informed that criteria applied in developing "*socially responsible*" screens may be additional to the criteria disclosed above.

Benchmark Index

The Fund uses the Comparator Benchmark to compare performance and the Target Benchmark as a target for the performance of the Fund. The Fund is actively managed and is not constrained by any benchmark.

The Fund seeks an excess return of 2% to 3% above the Target Benchmark, on an annualised basis, over a full economic cycle, typically five (5) to seven (7) years.

In their construction and method of calculation, neither the Comparator Benchmark nor the Target Benchmark take into account the sustainability characteristics described under *ESG and Sustainable Investments Promotion and Integration of Sustainability Risks* in a manner that is consistent with the Fund's approach towards the sustainability characteristics. Further information in respect of the methodology used for the calculation of each benchmark can be found at:

- **https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices-fact-sheets-publications/** in respect of the Comparator Benchmark; and

- **https://www.bankofengland.co.uk/markets/sonia-benchmark/sonia-key-features-and-policies** in respect of the Target Benchmark.

Financial Derivative Instruments

Subject to the Regulations and to the conditions and limits laid down by the Central Bank from time to time, the Fund may utilise FDIs with the aim of making investment gains in line with the Fund's *Investment Objective*, to reduce risk or to manage the Fund more efficiently.

The Fund may use, for investment or hedging purposes, exchange traded and OTC derivatives, including, futures and options, forward foreign currency contracts (including non-deliverable forwards and forward rate agreements), FX futures and FX spots and OTC swaps (such as interest rate swaps, currency swaps, credit default swaps ("**CDS**"), and credit default swaps on indices ("**CDSI**")), the underlying reference assets for which will be bonds in which the Fund may invest directly, and interest rates and currencies.

Forward Foreign Exchange (FX) Contracts

The Fund may use forward FX contracts to hedge currency FX risks arising from Hedged Share Classes of the Fund. This should be in conjunction with *Forward Foreign Exchange Contracts* in the section entitled **FUNDS – Use of FDI** in the Prospectus and *Currency Risk* in the section entitled **Risk Factors** below.

Futures and Options

The sale of a futures contract by the Fund creates an obligation on the part of the Fund as the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract by the Fund creates an obligation on the Fund by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price.

A call option (which must be covered) on an investment is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option.

A put option (which must be covered) is a contract that gives the Fund as purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. An option is uncovered where the party writing the option does not hold the underlying security which may be purchased (called) or sold (put) pursuant to the option.

No futures or options position will be established which would create an effective portfolio duration or other risk exposure outside the parameters described herein. Futures and options may be used by the Fund to hedge interest rate risk, to balance duration, and to synthetically create exposure to certain securities.

Swaps (including CDS and CDSI)

A CDS is a financial contract (which can trade bilateral or be cleared through central counterparty clearing) under which the protection buyer pays a periodic fee, usually expressed in basis points per annum on the notional amount, in return for a payment by the protection seller contingent on the occurrence of a credit event, such as a bankruptcy, default, or restructuring, with respect to a reference entity. The reference entity is not a party to the CDS. The credit events and applicable settlement mechanism used to determine the contingent payment are negotiated between the counterparties at time of trading. Once the credit event has been declared, the protection buyer has the right to settle the contract. Settlement is usually physical, with the protection buyer having the right to deliver fixed-income security of the reference entity up to the notional amount of the contract. In return, the protection buyer receives the par value of those obligations. It is not necessary for the protection buyer to suffer an actual loss to be eligible for compensation if a credit event occurs. Selling protection is the synthetic equivalent of buying a bond or alternative form of debt. A CDSI is a credit derivative comprised of individual CDS contracts. CDS and CDSI will be used for managing issuer exposures and the overall credit risk of the portfolio.

A currency swap is a FX agreement between two parties to exchange principal and fixed rate interest payments on a loan in one currency for principal and fixed rate interest payments on an equal loan in another currency. Under an interest rate swap, the parties agree to exchange a fixed interest payment for a floating interest payment, based on an agreed notional amount. Some derivatives are "*leveraged*" and therefore may magnify or otherwise increase investment losses to the Fund.

The counterparties to swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Fund. Interest rate swaps and futures may be used to manage yield curve exposures and to manage the duration of the portfolio of the Fund by altering the interest rate exposure of the portfolio. Interest rate swaps and futures may also be used for interest rate hedging.

Investment Restrictions

In addition to the investment restriction set out below, the general investment restrictions set out under the heading **FUNDS - Investment Restrictions** in the Prospectus shall apply.

Investments made by the Fund in shares or units of a UCITS or AIFs may not exceed, in aggregate, 10% of the Net Asset Value of the Fund. The UCITS or AIFs, in which the Fund invests, must be prohibited from investing more than 10% of their net assets, in aggregate, in UCITS or AIFs.

Borrowing and Leverage

Borrowing

In accordance with the general provisions set out in the Prospectus under the heading **FUNDS - Borrowing and Lending Powers** the Fund may borrow up to 10% of its Net Asset Value on a temporary basis. It is not intended to borrow for leverage purposes.

The Manager operates a Risk Management Process on behalf of the Fund in relation to its use of FDIs, details of which are set out in the sub-section entitled *Risk Management* of the section entitled **Funds – Use of FDI** in the Prospectus.

Leverage

The Fund may be leveraged through the use of derivatives. The Risk Management Process of the Manager in respect of the Company (including the Fund) (the "**RMP**") provides that the Fund's leverage under normal circumstances is not expected to exceed 500% of its Net Asset Value (calculated using the sum of the notionals of the derivatives used, as required by the Central Bank), through the use of derivatives, although it is possible that leverage may exceed this level from time to time. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis. The RMP is described in a statement of the Manager in respect of the Company (including the Fund) (the "**RMP Statement**"), a copy of which has been filed with the Central Bank, and which will be updated from time to time to include any additional FDI which the Manager proposes to employ on behalf of the Fund. Until such time as the RMP has been updated, however, the Manager will not use any FDI which is not for the time being included in the RMP.

The Manager will use the absolute Value-at-Risk ("**VaR**") approach to calculate the global exposure of the Fund. The daily VaR of the Fund shall not exceed 20% of the Net Asset Value of the Fund. The

VaR of the Fund is a daily estimation of the maximum loss the Fund may incur over a holding period of twenty (20) Business Days. It is arrived at through quantitative simulations with a one-tailed confidence interval of 99% and an observation period of at least one (1) year (two hundred and fifty (250) Business Days) unless a shorter period is justified by a significant increase in price volatility (for example, extreme market conditions). This process is described in detail in the RMP Statement.

The leverage of the Fund is expected to be high as it is calculated as the sum of the absolute notional values of the FDI used, without taking into account the different risks of different positions, any netting between the different positions held by the Fund (even though netting could result in a reduction of risk) or hedging positions. It is therefore not a risk-adjusted method of measuring leverage, which means this figure is higher than it otherwise would be if such netting and hedging positions would be taken into account.

The Fund's gross short exposure shall be limited to 500% of its Net Asset Value and its gross long exposure shall be limited to 500% of its Net Asset Value.

Information on FDIs used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Manager will also provide information to Shareholders on request on the RMP, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

Bond Connect

The People's Bank of China ("**PBoC**") and the Hong Kong Monetary Authority ("**HKMA**") have approved the China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDC**"), Shanghai Clearing House ("**SHCH**"), together with Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit ("**CMU**") to launch Bond Connect, a mutual bond market access programme between Mainland China and Hong Kong. Bond Connect allows investors to trade electronically between the Mainland China and Hong Kong bond markets without quota restrictions.

As at the date of this Supplement, Bond Connect comprises a Northbound Trading Link between CFETS, the operator of the CIBM and offshore trading access platforms recognised by the PBoC, to facilitate investment by Hong Kong and overseas investors (including the Fund) in eligible bonds traded on the CIBM.

For the purposes of this Supplement, the CIBM shall constitute a Market.

Eligible Securities

Hong Kong and overseas investors (including the Fund) are able to trade over the entire range of instruments traded on the CIBM, including products on both the secondary and primary markets.

Trading Day

Bond Connect is open for trading on any day upon which the CIBM is open to trade, regardless of whether it is a public holiday in Hong Kong.

Settlement and Custody

Settlement and custody of Northbound bond trades under Bond Connect will be implemented under the link between the CMU of the HKMA and Mainland China's two bond settlement systems, namely, CCDC and SHCH. The CMU settles Northbound trades and holds the CIBM bonds on behalf of its members in nominee accounts with each of CCDC and SHCH. CCDC and SHCH provide services to foreign investors, directly and indirectly, using Bond Connect.

Bonds purchased by Hong Kong and overseas investors (including the Fund) are recorded in an omnibus nominee account at CCDC and SHCH in the name of CMU. The CMU itself maintains the bonds in segregated sub-accounts of its members, who in turn may hold the bonds on their own account or on behalf of other investors or custodians. Accordingly, bonds purchased by Hong Kong and overseas purchasers through Bond Connect are held by the purchaser's global or local custodian in a segregated sub-account opened in their name at the CMU.

Currency

Hong Kong and overseas investors may trade through Bond Connect using offshore Renminbi ("**RMB**") ("**CNH**") or by converting foreign currencies into onshore RMB ("**CNY**") under Bond Connect.

Where an investor uses foreign currencies to invest through the Northbound Trading Link, it must open a segregated RMB capital account with an eligible RMB settlement bank in Hong Kong to convert its foreign currencies into CNY. Where bonds are purchased in CNY in this manner, upon sale of the bonds, the sale proceeds remitted out of Mainland China must be converted back into the relevant foreign currencies.

Further information about Bond Connect is available at the website: http://www.chinabondconnect.com/en/index.html.

Sub-Investment Manager

The Investment Manager has delegated some of the day-to-day portfolio management of the Fund to Sub-Investment Manager, Brown Advisory Limited, a UK limited company. The Sub-Investment Manager is authorised and regulated by the U.K. Financial Conduct Authority (the "**FCA**").

The Sub-Investment Manager has its registered office at 6 - 10 Bruton Street, London W1J 6PX, United Kingdom.

The Sub-Investment Manager is an investment manager and adviser and is permitted to provide discretionary investment management services to Irish authorised collective investment schemes.

An agreement is in place between the Investment Manager and the Sub-Investment Manager in respect of the management of the Fund, pursuant to a Sub-Investment Management Agreement.

Key Information for Buying and Selling

Base Currency

Pounds Sterling.

Business Day

Any day (except Saturday or Sunday) on which the New York Stock Exchange is open, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders in advance.

Dealing Day

Each Business Day.

Dealing Deadline

3.00 p.m. Irish Time on each Business Day.

Valuation Point

10.00 p.m. Irish Time on each Business Day

Share Class Information

As of the date of this Supplement, the Share Classes listed in the tables below with a corresponding tick (✓) under the heading **Subscription Open** are available for subscription in the Fund. Share Classes listed in the tables below with a corresponding check (✗) under the heading **Subscription Open** are no longer available for subscription in the Fund. Investors seeking to invest in any other Classes as set out in the Prospectus in the **SHARE CLASS INFORMATION** section should contact the Manager. Upon receipt of sufficient interest in an unlaunched Class, such a Class may be launched.

The applicable Minimum Shareholding, Minimum Initial Investment Amount, and Minimum Additional Investment Amount for the Shares are set as out in the Prospectus under the heading **SHARE CLASS INFORMATION**.

However, notwithstanding the foregoing, the applicable Minimum Shareholding, Minimum Initial Investment Amount and Minimum Additional Investment Amount for the Class SI Shares are set out below:

Class	Minimum Shareholding*	Minimum Initial Investment Amount*	Minimum Additional Investment Amount*
Dollar Class SI Shares	$150,000,000	$150,000,000	N/A
Sterling Class SI Shares	£150,000,000	£150,000,000	N/A
Euro Class SI Shares	€150,000,000	€150,000,000	N/A

** (subject to the discretion of the Directors in each case to allow lesser amounts)*

Initial Offer Period / Initial Issue Price

In relation to the Share Classes listed in tables below with a corresponding tick (✓) under the heading **Initial Offer Period Open**, the Initial Offer Period will begin at 9.00 a.m. (Irish Time) on the first Business Day after the date of this Supplement will close upon the earlier of: (i) the first investment by a Shareholder in such Class of Shares; or (ii) 3.00 p.m. (Irish Time) on 21 March 2024; or (iii) such earlier or later date as the Directors may determine and notify to the Central Bank.

Investors may apply to subscribe for such Shares during the Initial Offer Period at the Initial Issue Price for each Class. The Initial Issue Price for such Classes is as set out in the tables below under the heading **Initial Issue Price**.

The Share Classes listed in the tables below with a corresponding check (✗) under the heading **Initial Offer Period Open** are currently in issue and are available for subscription at prices calculated with reference to the Net Asset Value per Share, as indicated by "NAV" under the heading **Initial Issue Price**.

After the Initial Offer Period, Shares will be continuously open for subscriptions on the relevant Dealing Day and the Issue Price shall be the Net Asset Value of the relevant Class of Shares on the relevant Dealing Day.

Class A Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class A Acc Shares	✓	✓	$10.00
Dollar Class A Acc H Shares	✓	✓	$10.00
Dollar Class A Dis Shares	✓	✓	$10.00
Dollar Class A Dis H Shares	✓	✓	$10.00
Sterling Class A Acc Shares	✓	✓	£10.00
Sterling Class A Dis Shares	✓	✓	£10.00
Euro Class A Acc Shares	✓	✓	€10.00
Euro Class A Acc H Shares	✓	✓	€10.00
Euro Class A Dis Shares	✓	✓	€10.00
Euro Class A Dis H Shares	✓	✓	€10.00
Swiss Franc Class A Acc Shares	✓	✓	CHF10.00
Swiss Franc Class A Acc H Shares	✓	✓	CHF10.00
Swiss Franc Class A Dis Shares	✓	✓	CHF10.00
Swiss Franc Class A Dis H Shares	✓	✓	CHF10.00

Class B Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class B Acc Shares	✓	✓	$10.00
Dollar Class B Acc H Shares	✓	✓	$10.00
Dollar Class B Dis Shares	✓	✓	$10.00
Dollar Class B Dis H Shares	✓	✓	$10.00
Sterling Class B Acc Shares	✓	✗	NAV
Sterling Class B Dis Shares	✓	✗	NAV
Euro Class B Acc Shares	✓	✓	€10.00
Euro Class B Acc H Shares	✓	✓	€10.00
Euro Class B Dis Shares	✓	✓	€10.00
Euro Class B Dis H Shares	✓	✓	€10.00
Swiss Franc Class B Acc Shares	✓	✓	CHF10.00
Swiss Franc Class B H Acc Shares	✓	✓	CHF10.00
Swiss Franc Class B Dis Shares	✓	✓	CHF10.00
Swiss Franc Class B Dis H Shares	✓	✓	CHF10.00

Class C Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class C Acc Shares	✓	✓	$10.00
Dollar Class C Acc H Shares	✓	✓	$10.00
Dollar Class C Dis Shares	✓	✓	$10.00
Dollar Class C Dis H Shares	✓	✓	$10.00
Sterling Class C Acc Shares	✓	✗	NAV

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Sterling Class C Dis Shares	✓	✗	NAV
Euro Class C Acc Shares	✓	✓	€10.00
Euro Class C Acc H Shares	✓	✓	€10.00
Euro Class C Dis Shares	✓	✓	€10.00
Euro Class C Dis H Shares	✓	✓	€10.00

Class M Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class M Acc Shares	✓	✓	$10.00
Dollar Class M Acc H Shares	✓	✓	$10.00
Dollar Class M Dis Shares	✓	✓	$10.00
Dollar Class M Dis H Shares	✓	✓	$10.00
Sterling Class M Acc Shares	✓	✓	£10.00
Sterling Class M Dis Shares	✓	✗	NAV
Sterling Class M Enhanced Income Shares	✓	✓	£10.00
Euro Class M Acc Shares	✓	✓	€10.00
Euro Class M Acc H Shares	✓	✓	€10.00
Euro Class M Dis Shares	✓	✓	€10.00
Euro Class M Dis H Shares	✓	✓	€10.00

Class SI Shares

Class	Subscription Open	Initial Offer Period Open	Initial Issue Price
Dollar Class SI Acc Shares	✓	✓	$10.00
Dollar Class SI Acc H Shares	✓	✓	$10.00
Dollar Class SI Dis Shares	✓	✓	$10.00
Dollar Class SI Dis H Shares	✓	✓	$10.00
Sterling Class SI Acc Shares	✓	✓	£10.00
Sterling Class SI Dis Shares	✓	✓	£10.00
Euro Class SI Acc Shares	✓	✓	€10.00
Euro Class SI Acc H Shares	✓	✓	€10.00
Euro Class SI Dis Shares	✓	✓	€10.00
Euro Class SI Dis H Shares	✓	✓	€10.00

Settlement Date

In the case of applications, two (2) Business Days after the relevant Dealing Day.

In the case of repurchases, two (2) Business Days after the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation including all relevant anti-money laundering documentation).

Preliminary Charge

None.

Repurchase Charge

1%

Anti-Dilution Charge

Cost of dealing.

The Repurchase Charge will only be charged in instances where there is a significant (typically in excess of 10%) net redemption or in the case of an investor engaging in excessive trading.

Fees and Expenses

Investment Management Fee and Expense Limitation

The Investment Manager is entitled to receive from the Company out of the assets of the Fund an annual fee not exceeding the amounts set out below (plus VAT, if any) per Share Class of the Net Asset Value of the Fund:

Class A Shares	Up to 0.90%
Class B Shares	Up to 0.45%
Class C Shares	Up to 0.15%
Class M Shares	-
Class SI Shares	Up to 0.30%

Such fee shall accrue and be calculated at each Valuation Point and be payable monthly in arrears. The Investment Manager may, at its absolute discretion, pay any portion of the investment management fee to any third party (including the Sub-Investment Manager) in any manner whatsoever, whether by rebate or otherwise. The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for its properly vouched out-of-pocket costs and expenses in the performance of its duties.

The Investment Manager has committed to waive its investment management fee or reimburse the Fund's operating expenses, in order to keep the Fund's total operating expenses (excluding the fees of the Manager but including the fees and out of pocket expenses of the Administrator and the Depositary) from exceeding an annual rate of 0.25% of the daily Net Asset Value of the Fund. If annual operating costs are less than this amount, no reimbursement will be made by the Investment Manager, and the lower amount will be charged to the Fund.

Management Fee

The fees and expenses of the Manager are paid out of the assets of the Fund as set out in the Prospectus in the **FEES AND EXPENSES** section.

Sub-Investment Management Fee

The fees and expenses of the Sub-Investment Manager are paid out of those fees paid to the

Investment Manager which are set out herein and should be read in conjunction with the section in the Prospectus entitled **FEES AND EXPENSES**.

Administration Fee

The Administrator shall be entitled to receive out of the Net Asset Value of the Fund an annual fee, accrued and calculated at each Valuation Point and payable monthly in arrears at an annual rate which will not exceed 0.07% of the Net Asset Value of the Fund (plus VAT, if any) subject to an annual minimum fee which will not exceed US$48,000 and will also receive registration fees and transaction charges at normal commercial rates. The Administrator shall also be entitled to receive a monthly fee of up to US$500 per share class of the Fund launched (this fee will not be applied to the first two share classes of the Fund launched by the Company) subject to an annual minimum fee for the Company which will not exceed US$10,000. The Administrator is entitled to be repaid all of its properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

Depositary Fee

The Depositary shall be entitled to receive an annual maximum fee of 0.03% per annum of the Net Asset Value of the Fund accrued at each Valuation Point and shall be payable monthly in arrears. The Depositary's fees are accrued at each Valuation Point, payable monthly in arrears, and subject to a minimum charge of US$25,000 per annum. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees and expenses, transaction charges and cash service charges (all at normal commercial rates) and to recover properly vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

This section should be read in conjunction with the section entitled **FEES AND EXPENSES** in the Prospectus.

Establishment Costs

The costs of establishing the Fund, not to exceed €100,000, will be borne by the Fund and amortised over the first five (5) years of the Fund (or such other period as may be determined by the Directors in their discretion).

Risk Factors

Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the section **Risk Factors** of the Prospectus and the further risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve *its Investment Objective*. The risk factors set out below are provided in alphabetical order and the order is not intended to provide prominence to one risk over another.

Borrowing Risk

Borrowing may exaggerate changes in the Net Asset Value of Fund shares and in the return on the Fund's portfolio. Borrowing will cost the Fund interest expense and other fees. The costs of borrowing may reduce the Fund's return. Borrowing may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations. The Fund may borrow on a temporary basis only, and not for investment purposes.

Call Risk

Investments in callable fixed-income securities (securities that allow an issue to call or repay the security early) may be subject to call risk. Call risk refers to the possibility that an issuer may exercise its right to redeem a fixed-income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (*e.g.*, declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security in which a Fund has invested, the Fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favourable features.

Collateral Risk

Collateral is received from counterparties in connection with transactions involving OTC derivatives other than currency forwards. A counterparty may become unable or unwilling to meet its obligations to the Fund, resulting in losses to the Fund.

In the event of default, the counterparty would forfeit its collateral on the transaction. However if a transaction is not fully collateralised, the collateral may not cover the credit exposure to the counterparty. Collateral may be held either by the Depositary or by a third party custodian and there is a risk of loss if the custodian or sub-custodian are negligent or become insolvent. This should be read in conjunction with *Collateral Policy* in **Funds – Use of FDI** in the Prospectus.

Credit Risk

The value of your investment in the Fund may change in response to changes in the credit ratings of the Fund's portfolio securities. Generally, investment risk and price volatility increase as a security's credit rating declines. Credit risk relates to the ability of the issuer of a fixed-income instrument or the counterparty to a financial transaction with the Fund to meet interest and principal payments as they come due or to fulfil its obligations to the Fund. The value of the fixed-income instruments held by the Fund will be adversely affected by any erosion in the ability of the relevant issuers to make interest and principal payments as they become due. The ratings given to a fixed-income security by certain ratings agencies provide a generally useful guide as to such credit risk. The lower the rating of a fixed-income security held by the Fund, the greater the degree of credit risk that is perceived to exist by the rating agency with respect to that security.

Increasing the amount of Fund assets invested in lower-rated securities generally will increase the Fund's income, but also will increase the credit risk to which the Fund is subject. The Fund generally enters into financial transactions with major dealers that the Investment Manager or the Sub-Investment Manager deems acceptable from a credit perspective.

Currency Risk

As a result of investment in obligations involving currencies of various countries, the value of the assets of the Fund as measured in the Fund's Base Currency will be affected by changes in currency exchange rates, which may affect the Fund's performance independent of the performance of its securities investments. The Fund may or may not seek to hedge all or any portion of its foreign currency exposure. The performance of the Fund may be strongly influenced by movements in FX rates as currency positions held by the Fund may not correspond with the securities positions held. This should be read in conjunction with **Currency Risk** in the section entitled **Risk Factors** of the Prospectus.

Debt/Fixed-Income Securities Risk

An increase in interest rates typically causes a fall in the value of the fixed-income securities in which the Fund may invest. Interest rates globally are at, or near, historic lows, which may increase the Fund's exposure to risks associated with rising interest rates. Moreover, rising interest rates or lack of market participants may lead to decreased liquidity in the bond and loan markets, making it more difficult for the Fund to sell its holdings at a time when the Fund's manager might wish to sell. Non-Investment Grade securities ("**Junk Bonds**") are generally subject to greater risk of loss of your money than higher-rated securities. Issuers may (increase) decrease prepayments of principal when interest rates (fall) increase, affecting the maturity of the fixed-income security and causing the value of the security to decline. This should be read in conjunction with *Non-Investment Grade (Junk Bond) Securities Risk* below.

Fixed-income securities, such as bonds, involve risks including those set out at **Debts Securities Risk** in the section entitled **Risk Factors** of the Prospectus, and interest rate risk, extension risk, and prepayment risk, among other things, as set out below.

- *Interest Rate Risk*: The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise.
  The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates. For example, if interest rates increase by 1%, assuming a current portfolio duration of ten years, and all other factors being equal, the value of the Fund's investments would be expected to decrease by approximately 5%. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Fund's investments will not affect interest income derived from instruments already owned by the Fund, but will be reflected in the Fund's Net Asset Value. The Fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by Fund management.
  To the extent the Fund invests in fixed-income securities that may be prepaid at the option of the obligor (such as MBS), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the Net Asset Value of the Fund to the extent that it invests in floating rate debt securities.
  These basic principles of bond prices also apply to U.S. Government securities. A security backed by the "*full faith and credit*" of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change.
  Following the financial crisis that began in 2007, the Federal Reserve has attempted to stabilise the economy and support the economic recovery by keeping the federal funds rate (the interest rate at which depository institutions lend reserve balances to other depository institutions overnight) at or near zero percent. In addition, as part of its monetary stimulus program known as quantitative easing, the Federal Reserve has purchased on the open market large quantities of securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. As the Federal Reserve "*tapers*" or reduces the amount of securities it purchases pursuant to quantitative easing, and/or if the Federal Reserve raises the federal funds rate, there is a risk that interest rates will rise. A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from mutual funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund's performance.
  During periods of very low or negative interest rates, the Fund may be unable to maintain positive returns. Certain countries have recently experienced negative interest rates on certain fixed-income instruments. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, may result in heightened market volatility and may detract from Fund performance to

the extent the Fund is exposed to such interest rates.

- *Extension Risk*: When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

- *Prepayment Risk*: When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the management team will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

Derivatives Risk

The Fund's use of derivatives may increase its costs, reduce the Fund's returns and/or increase volatility. Derivatives involve significant risks, including those set out at **Financial Derivative Instruments Risk** and **Options Risk** in the section entitled Risk Factors of the Prospectus, and *Risks Specific to Certain Derivatives Used by the Fund* set out below.

In addition, other future regulatory developments may impact the Fund's ability to invest or remain invested in certain derivatives. Legislation or regulation may also change the way in which the Fund itself is regulated.

The Sub-Investment Manager cannot predict the effects of any new governmental regulation that may be implemented on the ability of the Fund to use swaps or any other financial derivative product, and there can be no assurance that any new governmental regulation will not adversely affect the Fund's ability to achieve its *Investment Objective*.

Risks Specific to Certain Derivatives Used by the Fund:

- *Swaps:* Swap agreements are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "*swap*" transaction, two par ties agree to exchange the returns (or differentials in rates of return) earned or realised on particular predetermined investments or instruments, which can be adjusted for an interest factor. Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other par ty to the agreement. Swap agreements may also involve the risk that there is an imperfect correlation between the return on the Fund's obligation to its counterparty and the return on the referenced asset. In addition, swap agreements are subject to market and illiquidity risk, leverage risk and hedging risk.

- *CDS:* CDS may have as reference obligations one or more securities that are not currently held by the Fund. The protection "*buyer*" may be obligated to pay the protection "*seller*" an up-front payment or a periodic stream of payments over the term of the contract, provided generally that no credit event on a reference obligation has occurred. CDS involve special risks in addition to those mentioned, above because they are difficult to value, are highly susceptible to illiquid investments risk and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

- *<u>Forward Foreign Currency Exchange Contracts</u>:* Forward foreign currency exchange transactions are OTC contracts to purchase or sell a specified amount of a specified currency or multinational currency unit at a price and future date set at the time of the contract. Forward foreign currency exchange contracts do not eliminate fluctuations in the value of non-U.S. securities but rather allow the Fund to establish a fixed rate of exchange for a future point in time. This strategy can have the effect of reducing returns and minimising opportunities for gain.

- *<u>Futures</u>:* Futures are standardised, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. The primary risks associated with the use of futures contracts and options are: (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the futures contract or option; (b) the possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the Sub-Investment Manager's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; and (e) the possibility that the counterparty will default in the performance of its obligations.

Emerging Market Risk

The risks of foreign investments are greater for investments in or exposed to emerging markets, as set out at **<u>Emerging Market Country Risk</u>** in the section **entitled Risk Factors** in the Prospectus.

Environmental, Social and Governance Policy Risk

Because the Fund's ESG criteria exclude securities of certain issuers for nonfinancial reasons, the Fund may forgo some market opportunities available to funds that do not use these criteria. In addition, the Fund may otherwise reduce its exposure to certain securities when it might be advantageous to maintain its position. The Fund's integration of ESG criteria and use of SRI screens, as well as any guideline restrictions referenced in this Supplement or the Prospectus (including rating, industry concentration, and duration) may adversely impact the performance of the Fund.

In assessing a security or issuer based on ESG characteristics, the Sub-Investment Manager may be dependent upon information and data from third party ESG research providers, which may be incomplete, inaccurate or unavailable. It may also seek to rely on its own proprietary models which may similarly rely on information which is incomplete, inaccurate or unavailable. As a result, there is a risk that the Sub-Investment Manager may incorrectly assess a security, issuer or index. There is also a risk that the Sub-Investment Manager, or third party ESG research providers on which the Sub-Investment Manager may depend, may not interpret or apply the relevant ESG characteristics correctly. Neither the Fund, the Investment Manager, nor the Sub-Investment Manager or any of their affiliates make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG assessment.

Environmental, Social and Governance Policy Risk

Because the Fund's ESG criteria exclude securities of certain issuers for non-financial reasons, the Fund may forgo some market opportunities available to funds that do not use these criteria. In addition, the Fund may otherwise reduce its exposure to certain securities when it might be advantageous to maintain its position. The Fund's integration of ESG criteria, as well as any guideline restrictions referenced in this Supplement or the Prospectus may adversely impact the performance of the Fund.

In assessing ESG factors of a security or issuer, the Sub-Investment Manager may use information and data from third-party ESG research providers, which may be incomplete, inaccurate or unavailable. It may also seek to rely on its own proprietary models which may similarly rely on information which is incomplete, inaccurate or unavailable. As a result, there is a risk that the Sub-Investment Manager may incorrectly assess a security, issuer or index. There is also a risk that the Sub-Investment Manager, or third-party ESG research providers the Sub-Investment Manager may use, may not interpret or apply the relevant ESG factors correctly. Neither the Fund nor the Sub-Investment Manager or any of their affiliates make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG Assessment.

ESG Risks

If a Sustainability Risk associated with an investment materialises, it could lead to the loss in value of an investment.

Foreign Securities Risk

The Fund may invest in foreign securities and is subject to risks associated with foreign markets, such as adverse political, social and economic developments such as war, political instability, hyperinflation, currency devaluations, and overdependence on particular industries; accounting standards or governmental supervision that is not consistent with that to which U.S. companies are subject; limited information about foreign companies; less liquidity and higher volatility in foreign markets and less protection to the shareholders in foreign markets. In addition, investments in certain foreign markets that have historically been considered stable may become more volatile and subject to increased risk due to ongoing developments and changing conditions in such markets. The value of the Fund's foreign investments may also be affected by foreign tax laws, special U.S. tax considerations and restrictions on receiving the investment proceeds from a foreign country. Dividends or interest on, or proceeds from the sale or disposition of, foreign securities may be subject to non-U.S. withholding or other taxes.

Economic sanctions could, among other things, effectively restrict or eliminate the Fund's ability to purchase or sell securities or groups of securities for a substantial period of time, and may make the Fund's investments in such securities harder to value.

Interest Rate Risk

An increase in interest rates typically causes a fall in the value of the fixed-income securities in which the Fund may invest. Interest rates currently are at, or near, historic lows, and may increase, with potentially sudden and unpredictable effects on the markets and the Fund's investments.

Investment in the People's Republic of China

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of FX, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in recent decades, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For several decades, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC as well as the portfolio securities of a Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of a Fund. Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of a Fund's portfolio securities.

Investment in the CIBM through Bond Connect

The Fund may invest through Bond Connect in eligible bonds on the CIBM. Bond Connect infrastructure contemplates two-way access between Hong Kong and China; however, the Fund will invest through Hong Kong into the CIBM ("Northbound" trading). Investment through Bond Connect may expose the Fund to certain risks, including but not limited to the following:

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

- *Suspension Risk:* It is contemplated that the Mainland Chinese authorities will reserve the right to suspend Northbound trading of Bond Connect if necessary for ensuring an orderly and fair market and that risks are managed prudently. Where a suspension in the Northbound trading through Bond Connect is effected, the Fund's ability to access the PRC bond market to achieve its *Investment Objective* will be adversely affected.

- *Differences in Trading Day:* Northbound trading through Bond Connect can be undertaken on days upon which the CIBM is open to trade, regardless of whether it is a public holiday in Hong Kong. Accordingly, it is possible that bonds traded through Bond Connect may be subject to fluctuation at times where the Fund is unable to buy or sell bonds, as its Hong Kong or globally-based intermediaries are not available to assist with trades. Accordingly, this may cause the Fund to be unable to realise gains, avoid losses or to benefit from an opportunity to invest in mainland Chinese bonds at an attractive price.

- *Operational Risk:* Bond Connect provides a channel for investors from Hong Kong and overseas to access Mainland China bond markets directly.

  The "connectivity" in Bond Connect requires routing of orders across the border, requiring development of new trading platforms and operational systems. There is no assurance that these platforms and systems will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Fund's ability to trade through Bond Connect to pursue its investment strategy may therefore be adversely affected.

  For investments via Bond Connect, the relevant filings, registration with the PBoC and account opening have to be carried out via offshore custody agent, registration agent or other third parties (as the case may be). As such, the Fund's investments via Bond Connect are subject to the risk of default or errors on the part of such third parties.

- *RMB Currency Risk:* RMB is currently not a freely convertible currency and is subject to exchange controls and restrictions, including managed floating exchange rate based on market supply and demand with reference to a basket of currencies. The Fund's investments via Bond Connect may be adversely affected by movements of exchange rates between RMB and other currencies. There can be no assurance that the RMB exchange rate will not fluctuate widely against the U.S. Dollar or any other currency in the future. Any depreciation of the RMB will decrease the value of RMB denominated assets, which may have a detrimental impact on the performance of a Fund.

  The RMB is traded in both the onshore and offshore markets. While both offshore RMB (CNH) and onshore RMB (CNY) represent the same currency, they are traded in different and separate markets which operate independently. RMB traded in Mainland China, CNY, is not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. On the other hand, the RMB traded outside Mainland China, CNH, is freely tradeable but still subject to controls, limits and availability. Therefore, CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When calculating the Net Asset Value per Share of a non-RMB denominated Class, the Administrator will apply the exchange rate for the offshore RMB market in Hong Kong, *i.e.* the CNH exchange rate, which may be at a premium or discount to the exchange rate for the onshore RMB market in the PRC, *i.e.* the CNY exchange rate.

  Currently, the PRC government imposes certain restrictions on repatriation of RMB out of the PRC. Investors should note that such restrictions may limit the depth of the RMB market available outside of the PRC and thereby, may reduce the liquidity of the Fund. The Fund may therefore be subject to risk of not having sufficient RMB for currency conversion prior to investment.

  The PRC government's policies on exchange controls and repatriation restrictions are subject to change, and the Fund's and its investors' position may be adversely affected by such change.

- *Regulatory Risk:* Bond Connect is novel in nature and will be subject to regulations promulgated by regulatory authorities and implementation rules made by regulators in Mainland China and Hong Kong. It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have retrospective effect. There can be no assurance that Bond Connect will not be abolished. Accordingly, the Fund's investments in the Mainland China markets through Bond Connect may be adversely affected as a result of regulatory changes.

- *No off-market transfer:* Pursuant to the applicable laws and rules governing the Bond Connect, the transfer of debt securities purchased through the Bond Connect between two members of the CMU Unit of the HKMA and between two CMU sub-accounts of the same CMU member is not allowed.

- *Nominee Holding Structure:* Debt securities purchased by the Fund through the Bond Connect will be held by CMU, opening two nominee accounts the CCDC and SHCH. While the distinct concepts of "*nominee holder*" and "*beneficial owner*" are generally acknowledged under the laws governing the Bond Connect, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, *e.g.* in liquidation proceedings of PRC companies or other legal proceedings, the CCDC and SHCH.

- *Taxation Risk:* As a result of investing in the PRC, the Fund may be subject to withholding and various other taxes imposed by the PRC.

Except for interest income from certain bonds (*i.e.*, government bonds, local government bonds, and railway bonds which are entitled to a 100% PRC Corporate Income Tax ("**CIT**") exemption and 50% CIT exemption respectively in accordance with the Implementation Rules to the Enterprise Income Tax Law and a circular dated 10 March 2016 on the Circular on Income Tax Policies on Interest Income from Railway Bonds under Caishui [2016] No. 30), interest income derived by non-resident institutional investors from other bonds traded through Bond Connect is PRC-sourced income and should be subject to PRC withholding income tax at a rate of 10% and value-added tax ("**VAT**") at a rate of 6%. On 22 November 2018, the Ministry of Finance and State Administration of Taxation jointly issued Circular 108, the circular dated 7 November 2018 on the Taxation Policy of Corporate Income Tax and Value-Added Tax in relation to Bond Investments made by Offshore Institutions in Domestic Bond Market, to clarify that foreign institutional investors (including foreign institutional investors under Bond Connect) are temporarily exempt from PRC withholding income tax and VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. Circular 108 is silent on the PRC withholding income tax and VAT treatment with respect to non-government bond interest derived prior to 7 November 2018, which is subject to clarification from the PRC tax authorities.

Capital gains derived by non-resident institutional investors (with no place or establishment or permanent establishment in the PRC) from the trading of bonds through the Bond Connect are technically non PRC-sourced income under the current CIT law and regulations, therefore, not subject to PRC CIT. While the PRC tax authorities are currently enforcing such non-taxable treatment in practice, there is a lack of clarity on such non-taxable treatment under the current CIT regulations.

The tax law and regulations of the PRC are constantly changing, and they may be changed with retrospective effect to the advantage or disadvantage of shareholders. The interpretation and applicability of the tax law and regulations by tax authorities may not be as consistent and transparent as those of more developed nations, and may vary from region to region. It should also be noted that any provision for taxation made by the Investment Manager or the Sub-Investment Manager may be excessive or inadequate to meet final tax liabilities. Consequently, shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their shares of the Fund.

Liquidity Risk

Certain fixed-income securities held by the Fund may be difficult (or impossible) to sell at the time and at the price the Sub-Investment Manager would like. As a result, the Fund may have to hold these securities longer than it would like and may forego other investment opportunities. There is the possibility that the Fund may lose money or be prevented from realising capital gains if it cannot sell a security at a particular time and price.

Management Risk

The Fund may not meet its *Investment Objective* based on the Sub-Investment Manager's success or failure to implement the investment policies of the Fund.

Market Risk

The portfolio securities held by the Fund are susceptible to general market fluctuations and to volatile increases and decreases in value. The securities markets may experience declines and the portfolio holdings in the Fund's portfolio may not increase their earnings at the rate anticipated. The Fund's Net Asset Value and investment return will fluctuate based upon changes in the value of its portfolio securities.

MBS and ABS Risk

The Fund may invest in MBS and ABS, which represent "*pools*" of mortgages or other assets, including consumer loans or receivables held in trust. Although ABS and CMBS generally experience less prepayment than residential MBS, MBS and ABS, like traditional fixed-income securities, are subject to credit, interest rate, prepayment and extension risks.

Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain MBS. The Fund's investments in ABS are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. These securities also are subject to the risk of default on the underlying mortgages or assets, particularly during periods of economic downturn. Certain CMBS are issued in several classes with different levels of yield and credit protection. The Fund's investments in CMBS with several classes may be in the lower classes that have greater risks than the higher classes, including greater interest rate, credit and prepayment risks.

MBS may be either pass-through securities or CMOs. Pass-through securities represent a right to receive principal and interest payments collected on a pool of mortgages, which are passed through to security holders. CMOs are created by dividing the principal and interest payments collected on a pool of mortgages into several revenue streams ("tranches") with different priority rights to portions of the underlying mortgage payments. Certain CMO tranches may represent a right to receive interest only (IOs), principal only (POs), or have a coupon that varies according to a benchmark rate ("**floating-rate tranches**") such as floating-rate notes (FRN) or have a coupon that has an inverse relationship to the interest rate (an "inverse floater").

CMOs are frequently referred to as "*mortgage derivatives*" and may be extremely sensitive to changes in interest rates. MBS, To Be Announced transactions and mortgage options can also be referred to as mortgage derivatives. Interest rates on inverse floaters, for example, vary inversely with a short-term floating rate (which may be reset periodically). Interest rates on inverse floaters will decrease when short-term rates increase, and will increase when short-term rates decrease. These securities have the effect of providing a degree of investment leverage. In response to changes in market interest rates or other market conditions, the value of an inverse floater may increase or decrease at a multiple of the increase or decrease in the value of the underlying securities. If the Fund invests in CMO tranches (including CMO tranches issued by government or sovereign agencies) and interest rates move in a manner not anticipated by the Sub-Investment Manager, it is possible that the Fund could lose all or substantially all of its investment. Certain MBS in which the Fund may invest may also provide a degree of investment leverage, which could cause the Fund to lose all or substantially all of its investment.

The mortgage market in the United States (which is the principal market) has experienced difficulties that may adversely affect the performance and market value of certain of the Fund's mortgage-related investments. Delinquencies and losses on mortgage loans (including subprime and second-lien mortgage loans) generally have increased and may continue to increase, and a decline in or flattening of real estate values (as has been experienced and may continue to be experienced in many housing markets) may exacerbate such delinquencies and losses. Also, a number of mortgage loan originators have experienced serious financial difficulties or bankruptcy. Reduced investor demand for mortgage loans and mortgage-related securities and increased investor yield requirements have caused limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities. It is possible that such limited liquidity in such secondary markets could continue or worsen.

TBA purchase commitments involve a risk of loss if the value of the security to be purchased declines prior to settlement date or if the counterparty does not deliver the securities as promised.

ABS entail certain risks not presented by MBS, including the risk that in certain jurisdictions it may be difficult to perfect the liens securing the collateral backing certain ABS.

In addition, certain ABS are based on loans that are unsecured, which means that there is no collateral to seize if the underlying borrower defaults.

In a period of rising interest rates, these securities may exhibit additional volatility.

New Fund Risk

The Fund is new with a limited operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size.

Non-Investment Grade (Junk Bond) Securities Risk

Junk Bonds or Non-Investment Grade (also referred to as "*high-yield*") fixed-income securities are speculative and involve a greater risk of default and price change due to changes in the issuer's creditworthiness. The market prices of these fixed-income securities may fluctuate more than the market prices of Investment Grade fixed-income securities and may decline significantly in periods of general economic difficulty.

Although Junk Bonds generally pay higher rates of interest than Investment Grade bonds, Junk Bonds are high risk investments that are considered speculative and may cause income and principal losses for the Fund. The major risks of Junk Bond investments include:

- Junk Bonds may be issued by less creditworthy issuers. Issuers of Junk Bonds may have a larger amount of outstanding debt relative to their assets than issuers of Investment Grade bonds. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of Junk Bond holders, leaving few or no assets available to repay Junk Bond holders.
- Prices of Junk Bonds are subject to extreme price fluctuations. Adverse changes in an issuer's industry and general economic conditions may have a greater impact on the prices of Junk Bonds than on other higher-rated fixed-income securities.
- Issuers of Junk Bonds may be unable to meet their interest or principal payment obligations because of an economic downturn, specific issuer developments, or the unavailability of additional financing.
- Junk Bonds frequently have redemption features that permit an issuer to repurchase the security from the Fund before it matures. If the issuer redeems Junk Bonds, the Fund may have to invest the proceeds in bonds with lower yields and may lose income.
- Junk Bonds may be less liquid than higher-rated fixed-income securities, even under normal economic conditions. There are fewer dealers in the Junk Bond market, and there may be significant differences in the prices quoted for Junk Bonds by the dealers. Because they are less liquid than higher-rated fixed-income securities, judgment may play a greater role in valuing Junk Bonds than is the case with securities trading in a more liquid market.
- The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer.

The credit rating of a Non-Investment Grade security does not necessarily address its market value risk. Ratings and market value may change from time to time, positively or negatively, to reflect new developments regarding the issuer.

Political Risk

The value of the Fund's investments may be affected by uncertainties such as international policy developments, social instability and changes in government policies. This can result in more pronounced risks where conditions have a particular impact on one or more countries or regions.

Rating Agencies Risk

Ratings are not an absolute standard of quality, but rather general indicators that reflect only the view of the originating rating agencies from which an explanation of the significance of such ratings may be obtained. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the agency establishing the rating, circumstances so warrant. A downward revision or withdrawal of such ratings, or either of them, may have an effect on the liquidity or market price of the securities in which the Fund invests. The ratings of securitised assets may not adequately reflect the credit risk of those assets due to their structure.

Russian Markets and Investment in Russia Risk

There are significant risks inherent in investing in Russia. There is no history of stability in the Russian market and no guarantee of future stability. The economic infrastructure of Russia is poor and the country maintains a high level of external and internal debt. Tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes. Banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings. Bankruptcy and insolvency are a commonplace feature of the business environment. Foreign investment is affected by restrictions in terms of repatriation and convertibility of currency.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

The Fund may invest in fixed-income securities which are listed or traded in Russia. Since the breakup of the Soviet Union in 1991, Russia has experienced and continues to experience dramatic political and social change. Russia is undergoing a rapid transition from a centrally controlled command system to a more market-oriented democratic model. The Fund may be affected unfavourably by political developments, social instability, changes in government policies, and other political and economic developments. The Russian securities markets are substantially smaller, less liquid and more volatile than the securities markets in the U.S. A few issuers represent a large percentage of market capitalisation and trading volume. Due to these factors it may be difficult for the Fund to buy or sell some securities because of the poor liquidity. There may not be available reliable financial information that has been prepared and audited in accordance with U.S. or Western European generally accepted accounting principles and auditing standards. There is the potential for unfavourable action such as expropriation, dilution, devaluation, default or excessive taxation by the Russian government or any of its agencies or political subdivisions with respect to investments in Russia by or for the benefit of foreign entities. The Fund's investments may include investments in entities that have characteristics and business relationships common to companies outside of Russia, and as a result, outside economic forces may cause fluctuations in the value of investments held by the Fund.

It is possible that the Fund's ownership rights could be lost through fraud or negligence. Since Russian banking institutions and registrars are not guaranteed by the state, the Fund may not be able to pursue claims on behalf of the Shareholders. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

Sovereign Debt Risk

Where the Fund invests in sovereign debt, a government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, many factors which carry the risk of default. For example, its cash flow, the extent of its foreign reserves, the availability of sufficient FX on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund (IMF) and the political constraints to which a government entity may be subject. Government entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. Such commitments may be conditioned on a government entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may impair such debtor's ability or willingness to service its debt on a timely basis. In the event that a government entity defaults on its sovereign debt, holders of sovereign debt, including the Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant government entity. Such events may negatively impact the performance of the Fund. Non-Investment Grade (also known as "*high-yield*"), sovereign debt may carry a greater risk of default than higher-rated fixed-income securities. In addition, Non-Investment Grade securities tend to be more volatile than higher-rated fixed-income securities, so that adverse economic events may have a greater impact on the prices of Non-Investment Grade fixed-income securities than on higher-rated fixed-income securities. Further, an issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, for example, an economic recession may adversely affect an issuer's financial condition and the market value of Non-Investment Grade fixed-income securities issued by such an entity.

Sustainability Policy Risk

The Fund's investment focus on sustainability factors could cause it to make or avoid investments that could result in the Fund underperforming similar funds that do not have a sustainability focus.

Target Benchmark

The Fund's performance relative to the Target Benchmark may be subject to wide variation depending on market conditions and economic cycles, and the Fund's performance could move closely in line with that of the Target Benchmark over certain periods. Even if the Fund achieves an excess return above the Target Benchmark gross of fees, if an investor is in a Share Class with fees and expenses that exceed that excess return, then the net performance of its Shares would be less than the Target Benchmark due to those fees and expenses.

U.S. Government Securities Risk

Although the Fund's U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, including, for example, Ginnie Mae pass-through certificates, are supported by the full faith and credit of the U.S. Treasury. Other obligations issued by or guaranteed by federal agencies, such as those securities issued by Fannie Mae, are supported by the discretionary authority of the U.S. Government to purchase certain obligations of the federal agency, while other obligations issued by or guaranteed by federal agencies, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Treasury. While the U.S. Government provides financial support to such U.S. Government-sponsored federal agencies, no assurance can be given that the U.S. Government will always do so, since the U.S. Government is not so obligated by law.

Valuation Risk

The prices provided by the Fund's pricing services or independent dealers or the fair value determinations made by the valuation committee of the Sub-Investment Manager may be different from the prices used by other mutual funds or from the prices at which securities are actually bought and sold. The prices of certain securities provided by pricing services may be subject to frequent and significant change and will vary depending on the information that is available.

* * *

ANNEX II

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

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

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

Product name: Brown Advisory Global Sustainable Total Return Bond Fund (GBP) (the "**Fund**")

Legal entity identifier: 635400MBK8KJBCLIFV28

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	X It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 66.6% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	X with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	X with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

Words and expressions defined in the Prospectus of the Company and/or the Supplement relating to the Fund shall, unless the context appears otherwise, have the same meaning when used in this Annex.

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

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

The Fund seeks to promote environmental and social characteristics by investing primarily in bonds, the companies of which shall follow Good Governance Practices, that generate impact in one of three ways:

- Labelled Bonds – Investments in labelled bonds where the company has committed to financing or attaining specific environmental and/or social objectives, including but not limited to the below based on the main labels of bonds issued to date, including those recognised by International Capital Market Association (ICMA). Labelled Bonds may include, but are not limited to, Green Bonds, Social Bonds or Sustainability Bonds

- Targeted Use of Proceeds – Investments in bonds that are not officially labelled but are funding environmental or social projects that the Sub-Investment Manager believes fit its criteria

- Impactful Issuer – Investments in companies that the Sub-Investment Manager believes are generating positive environmental or social impacts through their operations or product/service offerings.

Investments that are assessed to fall into one of the above 3 categories, will be aligned with an outcome that promotes one or more of, though not limited to, the following environmental or social characteristics: sustainable technology innovation; efficient production & conservation; diversity, equity and inclusion; economic mobility & community development; and/or health and wellness.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

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

Environmental characteristics are measured, for example, by indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy.

Social characteristics are measured, for example, by identifying investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities.

The above indicators are not exhaustive and are analyzed to the extent disclosure and data are available.

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

The sustainable investments that the Fund makes are those that demonstrate at least one of the following:

1. a primary product/service/collateral or range of products/services/collateral that solve for environmental or social challenges; and/or

2. operations, capital discipline, policies or programs that drive improved efficiency and/or conserve resources resulting in positive environmental or social outcomes; and/or

3. a franchise whose value is clearly enhanced by its positive environmental or social characteristics.

The companies assessed to possess at least one of 1-3 above, will have a positive impact on at least one of a variety of positive environmental or social characteristic being promoted.

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

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

The Fund seeks to avoid investments that severely negatively impact society or the environment, especially where there is no evidence of efforts to reduce the harm they contribute to. In assessing harm, the Sub-Investment Manager may consider available indicators for adverse impacts on sustainability factors as described in Annex I ("**PAIs**"), controversial business or activity exposure, ESG controversies, and ESG risk exposure and management practices.

As an additional means of avoiding certain harmful activities, the Fund also seeks to abide by certain exclusions.

Specifically, the Fund seeks to exclude knowingly owning bonds issued by companies:

- that defy the ten UNGC; and/or
- that conduct animal testing for non-medical purposes and do not exhibit strong ethical policies and practices; and/or
- that are principally involved in the manufacture, production, operation, or sale of weapons, alcohol, tobacco, adult entertainment, or gambling activities; and/or
- whose primary business activities are directly tied to conventional exploration, extraction, production, manufacturing or refining coal, oil or gas; and/or
- with significant assets directly invested in conventional fossil fuel reserves.

The exception to the above is that the Fund may invest in labelled bonds (as described above), or other fixed-income securities that are issued to raise capital to support environmental or social projects and objectives, and often times help to facilitate the transition to more sustainable practices. Investment in such instruments will be subject to diligence by the Sub-Investment Manager.

Where an investee company is deemed to be doing significant harm to the environment or society, and due diligence (including engagement) with the company indicates that the harm is systemic, detractive from the Fund's investment, and the harm is unlikely to be mitigated within the Sub-Investment Manager's investment horizon, the Sub-Investment Manager will exit the position.

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

A company's performance on the PAIs are reviewed where data is available and reliable. Except for where PAIs align with the exclusions applied by the Fund, no specific thresholds are set for how a company or the overall Fund must perform on a specific indicator.

The Sub-Investment Manager has engaged a third-party data provider to help collate PAIs at both the Company and Fund level.

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

An assessment of a company's alignment with the OECD Guidelines and UN Guiding Principles on Business and Human rights is included in the Fund's ESG Assessment. The Fund considers a company to be aligned with these Guidelines and Principles when it has not been involved in significant human rights controversies that are systemic, detractive from the Fund's investment, and where the harm resulting from the controversy is unlikely to be mitigated within the Fund's investment horizon.

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

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

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

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

X Yes, a company's performance on the PAIs are reviewed to the extent data is determined to be available and reliable. Save with regard to the exclusions applied by the Fund, no specific thresholds are set for how a company or the overall Fund must perform on a specific PAI.

No

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

What investment strategy does this financial product follow?

The Fund seeks to deliver attractive bond-like total returns of between 2-3% over cash per annum, measured over an economic cycle – defined as 5 - 7 years - and with a typical annual volatility of between 4 - 10%. The Sub-Investment Manager aims to achieve this by investing across a broad range of fixed income asset classes in a diversified and strategic manner, underpinned by fundamental and ESG research, without reference to a benchmark. The Sub-Investment Manager believes that dynamic asset allocation informed by comprehensive top-down macro analysis, combined with rigorous bottom-up security selection and a differentiated sustainable investment approach, can deliver attractive risk-adjusted returns through the economic cycle while producing positive environmental and social impact.

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

The Sub-Investment Manager will conduct ESG analysis at the sector, company or security level for every in-scope ESG investment made in the Fund. This ESG analysis will include a:

- Risk Assessment;
- Opportunity Assessment;
- Use of Proceeds Assessment; and
- Good Governance Assessment.

The ESG analysis will include analysis of various environmental and social characteristics:

- Environmental characteristics are measured, for example, by indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on the investment's impact on biodiversity and the circular economy
- Social characteristics are measured, for example, by identifying investment that

contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities.

The ESG analysis conducted will demonstrate that the investment meets the criteria to be considered a labelled bond, impactful company or targeted use of proceeds bond as described above.

The above-named characteristics are not exhaustive and are analysed to the extent disclosure and data are available.

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

No process is undertaken to reduce the size of the investable universe.

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

The Sub-Investment Manager will conduct a Good Governance Assessment at the sector, company or security level for every in-scope ESG investment made in the Fund. This assessment may include, though is not limited to, analysis of the following indicators for various asset classes:

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

Corporate issuers: Ownership and control; board and management composition and structure; employee relations; remuneration practices; shareholder rights; accounting practices; transparency and disclosure; business ethics; tax transparency

Sovereign issuers: Civil liberties & security; institutional strength and regulatory environment; corruption and transparency

Municipal issuers: Corruption and stewardship of capital; board and management team; transparency and disclosure

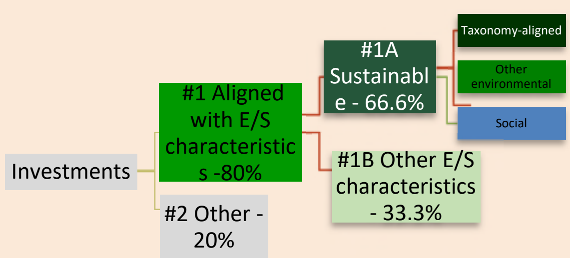
Securitised issuers: business ethics and lending practices, deal structure and incentives alignment, transparency and disclosure

Supranational issuers: Government ties and influence; corruption and stewardship of capital; transparency and disclosure.

What is the asset allocation planned for this financial product?

A minimum of 80% of the Fund's investment will be in investments that align with the Fund's environmental or social characteristics. Of this 80%, 66.6% of the Fund's investments will be in sustainable investments that have been determined to meet an environmental, social, or environmental and social objective.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

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

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

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

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

ESG analysis on derivative issuers will be conducted on the underlying associated sovereign. When taking a long position, the ESG analysis should indicate that the issuer has appropriate levels of ESG risk management and that a sustainable opportunity exists. In circumstances where a short position is taken, the thesis may be associated with heightened ESG risks.

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

The Sub-Investment Manager has not collected and evaluated data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Fund are in economic activities that qualify as Taxonomy Aligned Investments. The Fund has zero exposure to Taxonomy Aligned Investments.

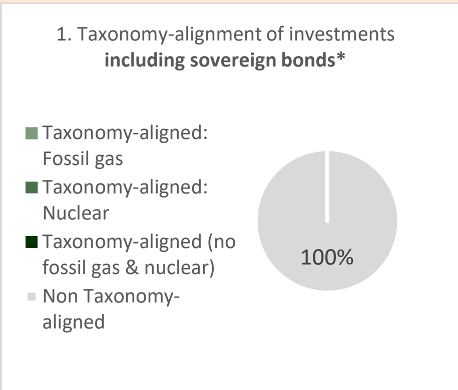
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]

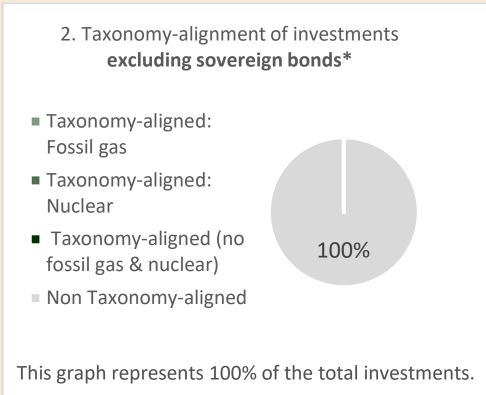
☐ Yes:

☐ In fossil gas In ☐ nuclear energy

X No

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





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

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

  Not applicable.

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

0%. The sustainable investments in the Fund may have an environmental, social or both an environmental and social objective.

The Sub-Investment Manager does not have access to sufficient data to assess taxonomy alignment.

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

What is the minimum share of socially sustainable investments?

0%. The sustainable investments in the Fund may have an environmental, social or both an environmental and social objective.

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

Any cash that the Fund may not yet have allocated to an investment or used just for liquidity or hedging purposes. Such investments do not have any minimum environmental or social safeguards.

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

No, the Fund does not use a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.

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

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

  N/A

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

  N/A

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

  N/A

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

  N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.brownadvisory.com/intl/ucits-legal-document-library