I. ASSET CLASS SPECIFIC RISKS

1. Equities

For funds which invest in stocks, the value of those stocks may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events, including changes in investment sentiment, political and issuer-specific factors.

2. Bonds and Other Debt Instruments

For funds which invest in bonds or other debt instruments, the value of those investments and hence the Net Asset Value of the relevant funds will depend on factors including, but not limited to, market interest rates, the credit quality of the issuer, the currency of the investment (when the currency of the investment is other than the base currency of the fund holding that investment) and liquidity considerations. In general, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

3. Lower Rated/Unrated Securities Risk

The credit quality of debt instruments is often assessed by rating agencies. Certain funds may invest in lower-rated and unrated securities. Lower-rated securities (below investment grade) and unrated securities may be higher yielding but be subject to wider fluctuations in yield, wider bid-offer spreads, lower liquidity and consequently greater fluctuations in market values and greater risk of loss of principal and interest, than higher-rated (investment grade) securities.

4. Downgrading Risk

The credit rating of debt instruments or their issuers may be downgraded. In the event of such downgrading, the value of the instrument, and hence the relevant funds, may be adversely affected. The manager may or may not be able to dispose of the debt instruments that are being downgraded.

5. Credit / Default Risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or is otherwise unable to pay interest or principal (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest from bond or other debt instrument investments. In both cases the entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as ‘sub-investment grade’.

A wide range of Sustainability Risks can affect bond issuers' cash flows and affect their ability to meet their obligations. For corporate bond issuers, environmental risks include but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

For sovereigns and other government related issuers, in some instances, Sustainability Risks may affect the credit quality of the bond issuer through their impact on tax revenues, trade balance or foreign investment.

Failure to effectively manage these risks can lead to deterioration in financial outcomes as well as a negative impact on society and the environment.

6. Sovereign Debt Risk

Certain funds’ investments in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and / or interest when due or may request the relevant funds to participate in restructuring such debts. The relevant funds may suffer significant losses when there is a default of sovereign debt issuers.

7. Credit Rating Risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

8. Valuation Risk

Valuation of a fund’s investments may involve uncertainties and judgemental determination. If such valuation turns out to be incorrect, this may affect the calculation of the fund’s Net Asset Value.

9. Commodities

Exposure to commodities involves additional risks than those resulting from more standard asset classes such as equities and may subject the fund to greater volatility than such investments. The value of commodity-linked instruments may be affected by the overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular commodity industry or the production and trading of commodities, such as natural events (e.g. drought, floods, weather, livestock disease), embargoes, tariffs and international economic, political and regulatory developments.

The extractive activities for metals and energy can come with sizeable Sustainability Risks including but not limited to environmental damage, ecosystem impact and resource depletion. Soft commodities are subject to environmental risks such as adverse climate change impact, deforestation and animal welfare. Sustainability Risks related to commodities also consist of social risks which may relate to supply chain management and labour standards, health and safety and human rights as well as governance risk due to sourcing from countries with weak governance standards.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

10. Real Estate Related

a. Real Estate Investment Trusts ("REITs")

REITs are exchange-traded entities where the underlying investments are primarily investments in real estate, which are generally less liquid than certain other asset classes such as equities, which may then be reflected in wider bid-offer spreads. Limited liquidity may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate market or other conditions. Heavy cash flow dependency, borrowers' default risk, declines in the credit rating of the REIT and interest rate rises will potentially lead to a decline in the value of the investments.

A wide range of Sustainability Risks apply to listed property companies. Environmental risks include but are not limited to; potential physical damage to property resulting from extreme weather events and climate change, such as droughts, wildfires, flooding and heavy precipitations, heat/cold waves, landslides or storms, and the ability of the company to respond to regulatory and public pressure to reduce the energy and water consumption of buildings. Social risks include but are not limited to; health and safety of tenants and employees, labour standards, employee welfare, and data & privacy concerns. Governance risks include board composition and effectiveness, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes such as a fall in the value of real estate assets as well as negative impacts on society and the environment.

b. Risks associated with Mortgage-related securities

Certain funds invest in mortgage-related securities which may be highly illiquid and prone to substantial price volatility. When interest rates increase the expected time borrowers take to pay down fixed rate mortgage products may lengthen, thus increasing the expected longevity of fixed rate mortgage-related securities. This increases their sensitivity to changes in interest rates and hence also the volatility of the instrument (extension risk). When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a fund because the relevant fund may have to reinvest that money at the lower prevailing interest rates (prepayment risk). These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. The lack of liquidity may cause the current market price of assets to become disconnected from the underlying assets' value as well as adversely affecting the ability to sell the position or the price at which such a sale is transacted.

11. Multi-Asset

Multi-asset funds invest in multiple asset classes (including cash and cash equivalents) and can generally vary their exposure to each of them. As well as being subject to the risks inherent in those individual asset classes to a degree that depends on the exposure over time, the overall risk also depends on the correlation of returns between each asset class and hence could be adversely affected by a change in those correlations which could result in higher volatility and/or lower diversification.

Where provided for in the relevant investment objective of a fund, for investments within multi asset funds, the risk assessment process takes into account both the environmental, social and governance credentials of the provider and, where possible, by performing analysis on the underlying fund holdings which provide an understanding of the Sustainability Risk exposures.

A wide range of Sustainability Risks applies to companies within equity markets and corporate bond issuers which multi asset funds invest in. Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

Environmental risks include, but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems.

Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation.

Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Multi asset funds can invest across a broad range of geographies and asset classes. Where a fund has exposure to emerging markets governance risks can be more pronounced. The equity exposure can include exposure to smaller companies where lower levels of disclosure can entail governance risks. Sovereign fixed income exposure can be affected by governance factors such as the political climate, the regulatory regime and rule of law. Multi Asset funds can invest in third-party strategies which exposes them to governance risks as the underlying investment decisions are delegated to third-party managers. Alternative asset classes such as infrastructure can expose investors to liquidity and transparency risks. Infrastructure shares similar risk characteristics to real estate assets. Infrastructure exposure through public private partnerships can expose these assets to political risk and regulatory changes.

II. INVESTMENT FOCUS/STYLE RELATED RISKS

1. Stock/Issuer Concentration

Funds which invest in a relatively small number of investments or issuers may experience a more volatile Net Asset Value as a result of this concentration of holdings relative to a fund that diversifies across a larger number of investments or issuers.

2. Country Concentration

Funds which may invest in a single or small number of countries may have greater exposures to the market, political, policy, foreign exchange, liquidity, tax, legal, regulatory, economic and social risks of those countries than a fund which diversifies across a number of countries, thereby making the fund more susceptible to any adverse events affecting those countries. This may result in lower liquidity of the fund's assets and/or a higher volatility of the Net Asset Value than a fund that diversifies across more countries.

3. Sector Concentration

Funds which may invest in a single or small number of sectors may have greater exposures to the market, liquidity, tax, legal, regulatory, and economic risks of those sectors than a fund which diversifies across a number of sectors, thereby making such funds more susceptible to any adverse events affecting those sectors. This may result in lower liquidity of such funds' assets and/or a higher volatility of the Net Asset Value than a fund that diversifies across more sectors.

a. Financial Services Sector Risk

The profitability or viability of companies in the financial services industry is subject to extensive government regulation and can be significantly affected by adverse economic or regulatory occurrences affecting the financial services sector. Unstable interest rates will impact the availability and cost of capital funds, the rate of corporate and consumer debt defaults and increased price competition will all create volatility and disrupt companies operating in the sector. In particular, events in the financial sector since late 2008 have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign.

The nature of financial services firms can make them disproportionately exposed to Sustainability Risks. For instance, some businesses can be highly leveraged and lapses in risk management can significantly impact equity values and shareholder returns. Similarly, due to their pivotal role in the economy, banks and insurers are often subject to regulatory scrutiny, which increases their sensitivity to Sustainability Risks. Failure to adequately comply with regulatory requirements can have a negative impact on a firm's reputation, business prospects and economic outlook. For similar reasons, financial services firms naturally have a sensitivity to political risks, money laundering risks, and an increasing exposure to cyber-attacks and risks around data protection and use of personal data. Furthermore, negative sentiment within this sector can be self-fulfilling as in the case of a bank run which tends to play out much faster than in other sectors.

b. Healthcare Sector Risk

The market value of securities of issuers in the healthcare sector will be adversely affected by factors such as rising costs of medical products and services, pricing pressure, extensive government regulation, restrictions on government reimbursement for medical expenses, costs associated with obtaining and protecting patents, product liability and other claims, changes in technologies and other market developments.

A wide range of Sustainability Risks apply to companies operating in the healthcare sector. Environmental risks include but are not limited to; the ability of companies to mitigate and adapt to climate change, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include but are not limited to; patient and product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

c. Real Estate Securities Risk

Certain funds' investments in real estate securities are subject to substantially the same risks as direct investments in real estate. Real estate values fluctuate depending on factors such as local, regional and national economic environment, rental market demand, interest rates changes, as well as the management, organization, skill and capital funding of the managers and operators of the underlying properties. When economy slows or if interest rates rise, mortgage and financing costs will increase and can affect the profitability and liquidity of properties in the real estate market. This will potentially lead to declines in property values and hence adversely affect the value of investors' investments.

A wide range of Sustainability Risks apply to listed property companies. Environmental risks include but are not limited to; potential physical damage to property resulting from extreme weather events and climate change, such as droughts, wildfires, flooding and heavy precipitations, heat/cold waves, landslides or storms, and the ability of the company to respond to regulatory and public pressure to reduce the energy and water consumption of buildings. Social risks include but are not limited to; health and safety of tenants and employees, labour standards, employee welfare, and data & privacy concerns. Governance risks include board composition and effectiveness, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes such as a fall in the value of real estate assets as well as negative impacts on society and the environment.

d. Technology and Innovation Sectors Risk

The technology and innovation sectors are subject to rapid and significant changes in technology and innovation that are evidenced by the increasing pace of technological upgrades, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and enhancements and changes in customer requirements and preferences. The timely and successful introduction of new products will affect the success of companies in the technology and innovation sectors. Value of investments in this sector can be adversely affected by the failure and delays in obtaining financing or regulatory approval, intense competition with numerous alternative technologies, product incompatibility, mismatched consumer preferences and the rapid obsolescence and research and development of new products.

Investing in the technology sector can present a range of Sustainability Risks. For instance, with regard to supply chain management, the responsible sourcing of materials and components and the workforce welfare of those in affiliated manufacturers, as well as avoidance of child labour. Also, in relation to product safety; ensuring that hardware and components do not pose a health hazard in any way to end users or those involved in intermediary manufacturing.

With regard to online publishers and social media there can be risks in the form of being able to undertake fact checking and verifying information published on their websites, and how they reduce the spread of misinformation without harming legitimate debate/freedom of expression.

There can also be concerns around cybersecurity; for example the attack 'surface area' for cyber criminals increased significantly during the year 2020 as a result of enhanced reliance on information technology whilst in lockdown; it may not be possible to establish whether businesses have appropriate measures in place to mitigate this. With regard to privacy, there can be concerns as to the options and protections that online businesses give users in terms of personal data, and how they handle such data. Theft or leakage of sensitive information and business interruptions are examples of material events linked to this risk that could cause harm to the company's reputation or company's business.

For risks in relation to online welfare it may not be apparent as to the controls that online companies have in terms of toxic content and their means of ensuring users' welfare generally.

More broadly, as many technology businesses operate in relatively under-regulated areas, they may not be proactive in anticipating Sustainability Risks and dealing with them, before they become regulatory or political issues.

In addition, with regard to employees, there may be risks in terms of an organisation's ability to attract and retain quality talent. In the event that there are insufficient diversity and discrimination policies and practices, this can have a negative impact on employee turnover rates as well as operating costs related to recruiting, training, and retaining employees.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

e. Water and Waste Sectors Risk

Certain companies focusing on water and waste management sectors may make substantial investments in construction, operations and maintenance of associated facilities and any delay in commencement of operations due to delay in the construction works may adversely affect the profit or growth of the companies. Companies active in markets with regulated water and/or waste tariffs may suffer from decreasing tariffs, which would lower their revenues. Changes in regulations and policies may affect the operations of such companies. The foregoing factors may have unfavourable effects on the value of the companies invested by the fund, which in turn may result in a fall of the fund's net asset value.

A wide range of Sustainability Risks apply to companies operating in the waste and water sector. Environmental risks include but are not limited to; exposure to increasing water scarcity, waste management challenges, and impact on global and local ecosystems. Waste management risks includes disposal and handling of hazardous waste and infectious waste. For example, leak of a dangerous waste in the environment is an event that could cause material damage which could also jeopardize the investee company's reputation or lead to significant expenses. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, and data & privacy concerns. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

4. Thematic Focus

Certain funds may adopt a thematic investment approach. The investments in specific themes may not achieve the desired results under all circumstances and market conditions. For funds which may invest in multiple themes, the investments may be rebalanced among different themes from time to time depending on the market conditions of the respective themes, and therefore the funds may incur greater transaction costs. Investors should note that the thematic investment approach adopted may result in the funds being more volatile than a fund which invests in more diversified types of investments.

5. Investments in Medium and Small Companies

The prices of securities of medium and small companies generally are more volatile than those of larger companies; the securities are often less liquid and these companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Investments in securities of companies with medium and small market capitalisations are generally considered to offer greater opportunity for appreciation but may involve greater risks than those customarily associated with more established companies as they are generally more likely to be adversely affected by poor economic or market conditions. These companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, medium and small companies' stocks may, to a degree, fluctuate independently of larger company stocks (i.e., small company stocks may decline in price as the prices of large company stock rise or vice versa). For funds investing in such companies, transactions, particularly those large in size, are likely to have a greater impact on the relevant funds' costs than similar transactions in large sized firms because of the relatively illiquid nature of markets in medium and small companies' shares.

A wide range of Sustainability Risks apply to investments in smaller companies. Environmental risks include but are not limited to; potential damage to physical infrastructure assets resulting from extreme weather events and climate change, the ability of smaller companies to mitigate and adapt to climate change and the potential for higher prices. Social risks include but are not limited to; cyber risks and the potential theft of customer data, increasing technological regulation, health and safety and employee welfare. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. In addition, smaller companies typically have lower levels of disclosure and resources dedicated to corporate sustainability compared to larger companies. As such they may present additional challenges when assessing their management of Sustainability Risks and the likely impact of such risks on funds which invest in smaller companies. Failure to effectively manage Sustainability Risks can lead to the deterioration in financial outcomes as well as negative impacts on society and the environment.

6. Below Investment Grade / Unrated Securities and High Yielding Debt Instruments

Certain funds may invest in below investment grade and high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held may be significantly higher than on lower yielding debt instruments. High yield bonds may be subject to lower liquidity, higher volatility, heightened risk of default and loss of principal and interest than higher-rated/lower yielding debt securities.

High-yield bonds are often issued by smaller companies which might be privately owned and that are usually less transparent and deliver less robust disclosures. The information scarcity results in a more challenging task for the Investment Manager to identify and assess the materiality of eventual Sustainability Risks. In addition, public awareness on sustainability matters (such as climate change) or specific ESG related incidents might reduce the demand for a specific bond which could result in various effects such as a reduction in liquidity or a higher default risk resulting from higher refinancing cost for the company, among others. Such events could ultimately have an impact on the total return of a fund with exposure to high yield investments.

7. Emerging Markets

Certain funds may invest, in part or in whole, in emerging market securities. The price of these securities may be more volatile and/or less liquid than those of securities in more developed markets due to increased risk and special considerations not typically associated with investment in more developed markets. This volatility or lack of liquidity may stem from political and economic uncertainties, legal and taxation risks, settlement risks, transfer of securities, custody risk and currency / currency control factors. Some emerging market economies may be sensitive to world commodity prices and/or volatile inflation rates. Others are especially vulnerable to economic conditions. Although care is taken to understand and manage these risks, the relevant funds will ultimately bear the risks associated with investing in these markets.

A wide range of Sustainability Risks apply to investments within global emerging markets. Governance risks can be more pronounced in the developing world, with a lack of maturity or corporate tenure being one of the contributing factors. Other risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. Governance risks in emerging markets can present a higher risk compared to developed markets; ownership structures more commonly include controlling state interests or the controlling interests of an individual or family. In addition, share structure can be more complex, with non-voting shares leaving minorities with less recourse and connected parties can introduce political risks, which have far reaching implications.

With commodity related business activities more prevalent in the emerging markets, extractive industries can increase environmental and social risks. Such risks may in particular be linked to the ability of companies to mitigate and adapt to climate change leading such emerging market companies to face inter alia increasing carbon prices, increasing water scarcity (and hence higher water prices), waste management challenges, as well as potential negative impacts on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation and diversity, which are all more exposed to potential issues in emerging markets.

For sovereign issuers in emerging markets, Sustainability Risks may affect the credit quality of the bond issuer for example due to higher political instability, less robust regulatory regimes and the lower rule of law, through increased risk of corruption, lower freedom of speech and a higher reliance on the evolution of commodities related sectors.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

8. Russia

Investments in Russia and Commonwealth of Independent States ("CIS") either through Regulated Markets like the Moscow Exchange or on non-Regulated Markets are subject to increased risk with regard to ownership and custody of securities. There are significant risks inherent in investing in Russia and the CIS including:

(a) delays in settling transactions and the risk of loss arising out of the systems of securities registration and custody;

(b) the lack of corporate governance provisions or general rules or regulations relating to investor protection;

(c) pervasiveness of corruption, insider trading, and crime in the Russian and CIS economic systems;

(d) difficulties associated in obtaining accurate market valuations of many Russian and CIS securities, based partly on the limited amount of publicly available information;

(e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes;

(f) the general financial condition of Russian and CIS companies, which may involve particularly large amounts of inter-company debt;

(g) banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; and

(h) the risk that the governments of Russia and CIS member states or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union. 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.

Evidence of legal title in many cases will be maintained in 'book-entry' form and a fund could lose its registration and ownership of records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Management Company, the Depositary or their local agents in Russia or in the CIS. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and in the CIS and registration delays and failures to register securities can occur. Although Russian and CIS sub-depositaries will maintain copies of the registrar's records ("Records") on its premises, such Records may not, however, be legally sufficient to establish ownership of securities. Further a quantity of forged or otherwise fraudulent securities, Records or other documents are in circulation in the Russian and CIS markets and there is therefore a risk that a fund's purchases may be settled with such forged or fraudulent securities.

In common with other emerging markets, Russia and the CIS have no central source for the issuance or publication of corporate actions information. The Depositary therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications. Although exposure to these equity markets is substantially hedged through the use of American Depository Receipts

("ADRs") and Global Depository Receipts ("GDRs"), funds may, in accordance with their investment objectives, invest in securities which require the use of local depository or custodial services.

A wide range of Sustainability Risks apply to investments in Russia and the CIS. Governance risks can be more pronounced, with a lack of maturity or corporate tenure being one of the contributing factors. Other risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. Governance risks in Russia and the CIS can present a higher risk compared to developed markets; ownership structures more commonly include controlling state interests or the controlling interests of an individual or family. In addition, share structure can be more complex, with non-voting shares leaving minorities with less recourse and connected parties can introduce political risks, which have far reaching implications.

With commodity related business activities more prevalent in emerging markets, extractive industries can increase environmental and social risks. Such risks may in particular be linked to the ability of companies to mitigate and adapt to climate change leading such emerging market companies to face inter alia increasing carbon prices, increasing water scarcity (and hence higher water prices), waste management challenges, as well as potential negative impacts on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation and diversity, which are all more exposed to potential issues in emerging markets.

For sovereign issuers in this region, Sustainability Risks may affect the credit quality of the bond issuer for example due to higher political instability, less robust regulatory regimes and the lower rule of law, through increased risk of corruption, lower freedom of speech and a higher reliance on the evolution of commodities related sectors.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

9. Eurozone Risk

The performance of certain funds will be closely tied to the economic, political, regulatory, geopolitical, market, currency or other conditions in the Eurozone and could be more volatile than the performance of more geographically diversified funds. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the relevant funds' investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as the credit downgrade of a sovereign or the exit of Eurozone members from the Eurozone, may have a negative impact on the value of the relevant funds.

III. SPECIFIC INSTRUMENT RELATED RISKS

1. China Related

a. General

i. Sustainability Risks

A wide range of Sustainability Risks apply to investments in China.

Governance risks can be more pronounced in the developing world, with a lack of maturity or corporate tenure being one of the contributing factors. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. Governance risks in China can be higher compared to developed markets, as ownership structures more commonly include controlling state interests, or the controlling interests of an individual or family. Share structure can be more complex, with non-voting shares leaving minorities with less recourse. Connected parties can introduce political risks, which have far reaching implications. Whilst more limited trading history can place the investor at an information disadvantage.

In addition, it is critical to acknowledge that Chinese extractive industries can increase environmental and social risks. The ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation.

Investing in the technology sector in China can present additional Sustainability Risks. For instance, with regard to supply chain management, the responsible sourcing of materials and components and the workforce welfare of those in affiliated manufacturers, as well as avoidance of child labour. Also, in relation to product safety; ensuring that hardware and components do not pose a health hazard in any way to end users or those involved in intermediary manufacturing.

With regard to online publishers and social media there can be risks in the form of being able to undertake fact checking and verifying information published on their websites, and how they reduce the spread of misinformation without harming legitimate debate/freedom of expression.

There can also be concerns around cybersecurity; for example the attack 'surface area' for cyber criminals increased significantly during the year 2020 as a result of enhanced reliance on information technology whilst in lockdown; it may not be possible to establish whether businesses have appropriate measures in place to mitigate this. With regard to privacy, there can be concerns as to the options and protections that online businesses give users in terms of personal data, and how they handle such data. Theft or leakage of sensitive information and business interruptions are examples of material events linked to this risk that could cause harm to the company's reputation or company's business.

For risks in relation to online welfare it may not be apparent as to the controls that online companies have in terms of toxic content and their means of ensuring users' welfare generally.

More broadly, as many technology businesses in this region operate in relatively under-regulated areas, the may not be proactive in anticipating Sustainability Risks and dealing with them, before they become regulatory or political issues.

In addition, with regard to employees, there may be risks in terms of an organisation's ability to attract and retain quality talent. In the event that there are insufficient diversity and discrimination policies and practices, this can have a negative impact on employee turnover rates as well as operating costs related to recruiting, training, and retaining employees.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

ii. Chinese Renminbi Currency and Conversion Risks

The Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China (onshore RMB, or CNY), and one outside Mainland China, primarily in Hong Kong (offshore RMB, or CNH). Although CNH and CNY are the same currency, they trade at different rates, and any divergence between CNH and CNY may adversely impact investors. CNY is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China, whereas the CNH is freely tradable.

Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of an investor's investment in a fund. Accordingly, the relevant funds may be exposed to greater foreign exchange risks. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

iii. China Assets

Investments in RMB by a fund in China A / B Shares or onshore China fixed income securities and other permissible securities denominated in RMB may be made through any permissible means pursuant to any prevailing regulations, including through the Qualified Foreign Institutional Investor ("QFII") status, the Shanghai-Hong Kong Stock Connect and the Shenzhen - Hong Kong Stock Connect programmes (the "Stock Connect"), Bond Connect (as defined below) and any other eligible means. The uncertainty and change of the relevant laws and regulations in the People's Republic of China ("PRC") and the potential for the PRC government and/or the regulators to implement policies that may affect the financial markets may have an adverse impact on such a fund.

High market volatility and potential settlement difficulties in the PRC markets may also result in significant fluctuations in the prices of the securities traded on such markets. Besides, securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. All these may have a negative impact on the Net Asset Value of the relevant funds.

iv. QFII

Under the prevailing regulations in the PRC, foreign investors can invest in China A Shares or onshore China fixed income securities through institutions that have obtained QFII status in the PRC. The current QFII regulations impose strict restrictions on China A Share investment or onshore China fixed income securities. A fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments, minimum investment holding periods and requirements on repatriation of principal and profits) in the PRC, which may be subject to change and such change may have potential retrospective effect. In certain circumstances, the relevant funds may incur losses due to limited investment opportunities, or may not be able to fully implement or pursue their investment objectives or strategy

The relevant funds may also suffer substantial losses if, the approval of the QFII status is being revoked/terminated or otherwise invalidated as the relevant funds may be required to dispose of its securities holdings or prohibited from trading of relevant securities and repatriation of the relevant funds' monies, or if any of the key operators or parties (including QFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

v. Stock Connect

Certain funds may invest and have direct access to certain eligible China A Shares via the Stock Connect, a securities trading and clearing linked programme which aims to achieve mutual stock market access between the PRC and Hong Kong.

Under the Stock Connect, overseas investors (including the funds) may be allowed, subject to rules and regulations issued / amended from time to time, to trade China A Shares listed on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") through the Northbound Trading Link.

Investments through the Stock Connect are subject to risks, such as quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A Shares and regulatory risk. The Stock Exchange of Hong Kong Limited ("SEHK"), SSE and SZSE reserve the right to suspend trading through Stock Connect if necessary to ensure an orderly and fair market and prudently manage risks which could adversely affect the relevant funds' ability to access the PRC market. Where a suspension in the trading through the programme is effected, the relevant fund's ability to invest in China A Shares or access the PRC market through the programme will be adversely affected. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account (front-end monitoring); otherwise SSE or SZSE, as relevant, will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. Furthermore, the Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days so it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the funds) cannot carry out any China A Shares trading. The relevant funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

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

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The relevant funds which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

vi. Risks associated with the Small and Medium Enterprise ("SME") board, ChiNext market and/or the Science and Technology Innovation Board ("STAR Board")

Certain funds may have exposure to stocks listed on SME board of the SZSE, ChiNext market of the SZSE and the STAR Board of the SSE.

Higher fluctuation on stock prices and liquidity risk

Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext market and/or STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards of the SZSE and/or the SSE.

Overvaluation Risk

Stocks listed on SME board, ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation

The rules and regulations regarding companies listed on ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards of the SZSE and/or the SSE and SME board.

Delisting risk

It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, ChiNext market and STAR board have stricter criteria for delisting compared to other boards. This may have an adverse impact on the relevant fund if the companies that it invests in are delisted.

Concentration risk

The STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in the STAR Board may be concentrated in a small number of stocks and subject the relevant fund to higher concentration risk.

Investments in the SME board, ChiNext m and/or STARBoard may result in significant losses for the relevant fund and its investors

vii. Mainland China Tax Risk

There are risks and uncertainties associated with the current tax laws, regulations and practice of Mainland China in respect of capital gains realised via QFII status or Stock Connect or access products on a fund's investments in Mainland China (which may have retrospective effect). Any increased tax liabilities on a fund may adversely affect the fund's value.

Based on professional and independent advice, currently no provision is being made by any of the funds for tax on capital gains on disposals of (i) China A Shares and B Shares, or (ii) China fixed income securities listed or traded on exchanges or the mainland China interbank bond market or for tax on interest on such onshore Mainland China fixed income securities or for tax on dividends, if any, received on China A Shares (including those acquired through Stock Connect), without deduction of tax provision made ultimately may prove excessive or inadequate to meet any at source. The actual tax liabilities (if any) will be debited from the relevant fund's assets, and may adversely affect the fund's Net Asset Value.

Although no tax provision has been made under current situation, the situation will be under review and after taking professional and independent tax advice, the Investment Manager may make tax provision going forward where appropriate. Whilst the Investment Manager reviews the tax provisioning policy on an on-going basis, investors should note that, even if tax provision is made, any shortfall between the provision and the actual tax liabilities will be debited from the relevant fund's assets and will adversely affect the Net Asset Value of the fund. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

viii. Volatility and Liquidity Risk associated with Mainland China Debt Securities

The debt securities in Mainland China markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the funds investing in Mainland China debt securities may incur significant trading costs.

ix. Risks associated with CIBM

The China interbank Bond Market ("CIBM") is the over-the-counter market for bonds issued and traded in the PRC via the Foreign Access Regime (as defined below) and/or the Bond Connect (as defined below). Pursuant to the "Announcement (2016) No 3" issued by the PBOC on 24 February 2016, foreign institutional investors can invest in the CIBM (the "Foreign Access Regime") subject to other rules and regulations as promulgated by the Mainland Chinese authorities such as the People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE). Such rules and regulations may be amended from time to time and may have a retrospective effect.

Under this scheme, foreign institutional investors (such as the Fund) can trade in the CIBM directly through onshore settlement agents (i.e. banks) in the PRC who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation applied under the scheme.

Investment in CIBM via Northbound Trading Link under Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China ("Bond Connect") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China interbank bond market 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.

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

For investments via the Foreign Access Regime and/or Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Foreign Access Regime and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the Fund's ability to invest in the CIBM will be adversely affected. In such event, the Fund's ability to achieve its investment objective will be negatively affected.

x. Credit Rating Agency Risk

The credit appraisal system in the Mainland China and the rating methodologies employed in the Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China agencies may therefore not be directly comparable with those given by other international rating agencies.

b. Dim Sum Bond Market

Some funds may invest in "Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in RMB). The "Dim Sum" bond market is a relatively small market. As with some global fixed income markets, it may be more susceptible to volatility and illiquidity, and should there be any new rules which limit or restrict the ability of issuers to raise RMB (offshore CNH) funding by way of bond issuance and/or reversal or suspension of the liberalization of the CNH market by the relevant regulator(s), the operation of the "Dim Sum" bond market and new issuances could be disrupted and potentially cause a fall in the Net Asset Value of the relevant funds.

c. Risk associated with Urban Investment Bonds

Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the funds investing in urban investment bonds could suffer substantial loss and the Net Asset Value of the relevant funds could be adversely affected.

2. Fixed Income Related

a. Risks of investing in Convertible Bonds and in Hybrids

Convertible bonds are typically debt instruments that pay interest rates or coupons and may be converted by the holder within a specified period of time into the reference equity at a specified conversion price. As such, convertible bonds will be exposed to greater volatility than straight bond investments. The value of convertible bonds may rise and fall with the market value of the reference equity or, like a straight bond investment, vary with changes in interest rates and the credit quality of the issuer. A convertible bond tends to perform more like a stock when the reference equity price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a straight bond investment when the reference equity price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible bond is not as sensitive to interest rate changes as a comparable straight bond investment, and generally has less potential for gain or loss than the reference equity.

Hybrid securities, which generally do not include convertible bonds, also combine both equity and debt characteristics. Hybrids are subordinated instruments that have more equity-like features. Typically, hybrids include long final maturity (or no limitation on maturity - 'perpetual') and have a call schedule (i.e. a series of call dates on which the issuer can redeem the hybrid at specific prices), thereby increasing reinvestment risk, which is the risk that a hybrid's future cash flows will have to be reinvested at a lower Interest rate. Hybrids also typically have the ability to defer coupon or interest payments without defaulting. Their subordination typically lies somewhere in the capital structure between equity and other subordinated debt, i.e. such securities will be the most junior securities above equity. As such, as well as typical 'bond' risk factors, hybrids also convey such risks as the deferral of interest payments, equity market volatility and illiquidity. Some sources of additional risk associated with hybrids are set forth below:

Coupon Cancellation: Coupon payments on some hybrids are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on such securities may not amount to an event of default. Cancelled payments do not accumulate and are instead written off. Holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Call Extension Risk: Some hybrids are issued as perpetual instruments callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual instrument will be called on call date. The investor may not receive return of principal as expected on a given call date or indeed at any date.

b. Additional Risk of investing in Contingent Convertible Securities (CoCos) and other Instruments with Loss-Absorption Features

Funds may invest in instruments with loss-absorption features. Those features have been designed to meet specific regulatory requirements imposed on financial institutions and typically include terms and conditions specifying the instrument is subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of the following: (a) when a financial institution is near or at the point of non-viability; or (b) when the capital ratio of a financial institution falls to a specified level.

Debt instruments with loss-absorption features are subject to greater capital risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger events (such as those disclosed in the preceding paragraphs). Such trigger events are likely to be outside of the issuer's control and are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Funds may invest in CoCos, which are highly complex and are of high risk. CoCos are a form of hybrid debt security with loss-absorption features that are intended to either convert into equity shares of the issuer (potentially at a discounted price) or have their principal written down (including permanently written down to zero) upon the occurrence of certain 'triggers' linked to regulatory capital thresholds or where the issuer 's regulatory authorities considers this to be necessary. The trigger event is linked to the financial position of the issuer and conversion would occur as a result of a deterioration in the relative capital strength of the issuer. As a result, the value of the converted equity would be lower than the bond value when issued or purchased. In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly, and a significant discount may be required in order to sell it. For the avoidance of doubt, convertible bonds where conversion is beneficial to the holder (contingent or otherwise) are not subject to the same risks as described in this section "b. Additional risk of investing in CoCos and other instruments with loss-absorption features". Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Some additional risks associated with CoCos are set forth below:

Capital Structure Inversion Risk: Contrary to standard capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not. In a standard capital structure equity holders are expected to suffer the first loss. This is less likely with a CoCo whose trigger is activated when the capital ratio falls below a relatively low level when equity holders will already have suffered loss, than in a high trigger CoCo (those whose trigger is activated when the capital ratio remains relatively high).

The funds may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss principal invested.

3. Risk associated with Collateralised and/or Securitised Debt Instruments

Funds may invest in collateralised and / or securitised debt instruments (collectively referred to as structured products). Such instruments include asset-backed securities, mortgage-backed securities, collateralised debt instruments and collateralised loan obligations. Structured products provide exposure, synthetically or otherwise, to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such products involve multiple instruments and cash flow profiles such that it may not be possible to accurately predict the impact on valuation from a given market scenario. The price of such an investment may be prone to substantial price volatility as a result of sensitivity to changes in the underlying assets of the structured instrument which can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Some structured products may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition, structured products may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. Lack of liquidity may also cause the current market price of assets to become disconnected from the underlying assets' value. In addition, such products are often exposed to extension risks (the risk of increased longevity due to lower-than-expected paydowns) and prepayment risks (the risk of reinvesting at lower rates due to higher-than-expected paydowns) and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of such products.

4. Equity Linked Notes/Credit Linked Notes

Equity linked notes (ELNs), credit linked notes (CLNs) and similar structured instruments involve a counterparty writing a contract which defines the principal value and the payoff which is intended to move in line with the underlying security specified in the contract. Unlike Financial Derivative Instruments, cash is transferred from the buyer to the seller of the note upon purchase. In the event that the counterparty defaults the risk to the fund is to that of the counterparty, irrespective of the value of the underlying security within the note.

CLNs are also subject to the risk of loss and/or delay in the repayment of principal and the periodic interest payment expected to be received in the event that one or more of the underlying debt obligations defaults or no longer performs. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of an ELN, CLN or similar notes can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

IV. DERIVATIVES/COUNTERPARTY RELATED RISKS

1. General

The funds may use various financial derivative instruments to reduce risks or costs or to generate additional capital or income in order to meet their investment objectives. Financial derivative instruments may be used for investment purposes and/or to implement more complex strategies, as further described in their respective investment objectives, depending on the circumstances and the purposes for which the derivatives are used. Entering into financial derivatives instruments for investment purposes may, to some extent, impact the risk profile of a fund.

Throughout this section and others that refer to derivatives, privately negotiated or non-exchange traded derivatives are referred to as being 'Over The Counter', which is abbreviated to OTC.

Investors may wish to consult their independent financial adviser about the suitability of a particular fund for their investment needs bearing in mind its powers with regard to the use of derivatives.

While the judicious use of derivative instruments by experienced investment advisers such as the Investment Manager can be beneficial, derivative instruments also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments.

The following are important risk factors concerning the use of derivative instruments that investors should understand before investing in these funds.

a. Valuation

Some derivative instruments, in particular OTC derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC instruments involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the relevant funds.

b. Liquidity

Liquidity risk exists when a particular instrument is difficult to purchase or sell at a given valuation. If a derivative instrument transaction is particularly large or if the relevant market is illiquid (as can be the case with OTC derivative instruments), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

c. Basis

Basis risk is the risk of loss due to divergence between two rates or prices. Derivative instruments do not always perfectly or even highly correlate with the assets, rates or indices they are designed to track. Consequently, the funds' use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering the funds' investment objective. This applies particularly where an underlying position is hedged through derivative contracts which may be similar to (but are not the same as) the underlying position.

d. Leverage

The use of derivatives may give rise to a form of leverage, which may cause the Net Asset Value of the relevant funds to be more volatile and/or change by greater amounts than if they had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the respective funds' portfolio securities and other instruments. The leverage element of a derivative can result in a loss significantly greater than the amount invested in the derivatives by the relevant funds. Exposure to derivatives may lead to a high risk of significant loss by the relevant funds.

e. Counterparty Credit

This is the risk that a loss may be sustained by a fund as a result of the failure of the other party to a derivative instrument (usually referred to as a 'counterparty') to comply with the terms of the derivative instrument contract. The counterparty credit risk for exchange-traded derivative instruments is generally less than for OTC derivative instruments, since the clearing firm, which is the issuer or counterparty to each exchange-traded derivative instrument, provides a guarantee of clearing. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing firm in order to reduce overall counterparty credit risk. Assets deposited as margin with the brokers and/or exchanges may not be held in segregated accounts by these counterparties and may therefore become available to the creditors of such counterparties in the event of default by them. For OTC derivative instruments, there is no similar clearing firm guarantee. Therefore, the Investment Manager adopts a counterparty risk management framework which measures, monitors and manages counterparty credit risk, taking into account both current and potential future credit exposure, through the use of internal credit assessments and external credit agency ratings. OTC derivative instruments are not standardised. They are an agreement between two parties and can therefore be tailored to the requirements of the parties involved. The documentation risk is reduced by adhering to standard International Swaps and Derivatives Association ("ISDA") documentation.

A fund's exposure to an individual counterparty shall not exceed 10% of the relevant fund's net assets. Counterparty credit risk may be further mitigated through the use of collateral agreements. However, collateral arrangements are still subject to the insolvency risk and credit risk of the issuers or depositary of the collateral. Further, collateral thresholds exist below which collateral is not called for and timing differences between calculating the need for collateral and its receipt by the fund from the counterparty both mean that not all the current exposure will be collateralised.

f. Settlement

Settlement risk exists when derivatives are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs that would otherwise not be experienced. If settlement never occurs the loss incurred by the fund will be the same as it is for any other such situation involving a security namely the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided.

g. Legal

Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC derivatives, a standard ISDA agreement is used to govern the trade between a fund and the counterparty. The agreement covers situations such as a default of either party and also the delivery and receipt of collateral. As a result, there is a risk of loss to the fund where liabilities in those agreements are challenged in a court of law.

2. Short Positions

A fund may take a position in which it expects to gain value in the event a particular asset loses value ('shorting') through the use of derivatives. The fund is therefore exposed to the risk that the asset will rise, rather than fall, in value. Further, as price rises are theoretically unlimited, the losses arising from such a position can theoretically be uncapped. However the Investment Manager actively manages these positions in order to limit the realised and potential losses.

3. High Leverage Risk

Funds with high leverage risk may have a net leverage exposure of more than 100% of their Net Asset Value. This will further magnify any potential negative impact of any change in the value of the underlying asset on the relevant funds and also increase the volatility of the relevant funds' price and may lead to significant losses.

4. Risks of Active Currency Positions

A fund may implement active currency positions which may not be correlated with the underlying securities positions held by the fund. This may result in the relevant funds suffering a significant or total loss even if there is no loss of the value of the underlying securities positions (e.g. equities, fixed income securities) being held by the relevant funds.

5. Specific Derivative Instruments

A non-exhaustive list of financial derivative instruments most commonly used by the relevant fund(s) is set out in Part I. For funds using one or a combination of the following instruments the following risks should be considered, as applicable:

Instrument	Risks
Credit Default Swaps (CDS)	The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk. Collateral is arranged to mitigate this risk. The documentation risk for CDS is reduced by adhering to standard ISDA documentation. The liquidity of a CDS may be worse than the liquidity of the underlying security or securities in the basket and this may adversely affect the ability to close out a CDS position or the price at which such a close out is transacted.
Foreign Exchange Forward Contracts	To the extent that such contracts are used to hedge foreign (non-base) currency exposures back to the base currency of the fund, there is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged. Since the gross amounts of the contract are exchanged on the specified date, there is a risk that if the counterparty with whom the contract has been agreed goes into default between the time of payment by the fund but before receipt by the fund of the amount due from the counterparty, then the fund will be exposed to the counterparty credit risk of the amount not received and the entire principal of a transaction could be lost.
Forward Contracts and Contracts for Difference	The main risk to the buyer or seller of such contracts is the change in value of the underlying security. When the value of the underlying security changes, the value of the contract becomes positive or negative. Further, the two parties must bear each other's credit risk, which is not the case with a futures contract and collateral is arranged to mitigate this risk. Also, since these contracts are not exchange traded, there is no marked-to-market margin requirement, which allows a buyer to avoid almost all capital outflow initially.
Futures	The main risk to the buyer or seller of an exchange-traded future is the change in value of the underlying reference index/security/contract/bond.
Inflation Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the two legs of the transaction, one of which will be an inflation benchmark. This is an agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Interest Rate Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the fixed and floating legs. An interest rate swap is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Put/Call Options and Warrants	The most significant contributor to market risk resulting from options is the market risk associated with the underlying when the option has an intrinsic value (i.e. it is 'in-the-money'), or the strike price is near the price of the underlying ('near-the-money'). In these circumstances the change in value of the underlying will have a significant influence on the change in value of the option. The other variables will also have an influence, which will likely to be greater the further away the strike price is from the price of the underlying. For OTC options the two parties must bear each other's credit risk and collateral is arranged to mitigate this risk. The liquidity of an OTC option can be less than an exchange traded option and this may adversely affect the ability to close out the option position, or the price at which such a close out is transacted.
Swaptions	A swaption comprises risks associated with interest rate swaps and option contracts. A swaption is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is exchanged to mitigate this risk.

Instrument	Risks
Total Return Swaps (TRS)	These contracts may be less liquid than interest rate swaps as there is no standardisation of the underlying reference benchmark and this may adversely affect the ability to close out a TRS position or the price at which such a close out is transacted. The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk and collateral is arranged to mitigate this risk. The documentation risk for TRS is reduced by adhering to standard ISDA documentation.

V. ADDITIONAL RISKS

1. Index Tracking Funds

a. Tracking Difference

The aim of an index tracking fund is to match the performance of an index as closely as possible. However there is the risk that an index tracking fund's performance may not track that of the underlying index exactly ("tracking difference"). This tracking difference may result from the investment strategy used, fees and expenses and taxes. Changes to the underlying index, regulatory requirements and differences in valuation points between the fund and index may also contribute to tracking differences. The Investment Manager will monitor and seek to manage such risk in minimising tracking difference. There can be no assurance of exact or identical replication at any time of the performance of the index.

b. Passive Investment Risk

For funds that are passively managed, the Investment Manager will not have the discretion to adapt to market changes due to the inherent investment nature of such funds. Falls in the index are expected to result in corresponding falls in the value of such funds.

2. Asset Allocation - Target Date Risk

Some funds allocate capital to asset classes where the weights change according to a pre-determined schedule up to a specific target date. As a fund moves closer to its target date, it generally allocates more capital to assets with a lower expected risk and return profile. The performance of the fund is dependent on the success of the asset allocation strategy employed by the fund and there is a risk that losses will be realised as the asset allocation changes. This target date asset allocation strategy may not achieve the desired results under all circumstances and market conditions. While investors will be provided with investment options at the target date, there is no guarantee that the fund will closely align with their investment horizon and so investors may suffer loss after the target date. It is important to note that a target date fund should not be selected based solely on age or retirement date. If investors had not accurately selected a fund that most closely aligns with their investment horizon, there will be a risk of potential mismatch between their investment horizon and the fund's investment horizon. There is no guarantee that investors will receive the principal invested on the target date.

3. Asset Allocation – Dynamic Risk

Certain funds may periodically change their allocation across asset classes and therefore may incur greater transaction costs than a fund with static allocation strategy.

4. Cash Funds

An investment in Cash funds is neither insured nor guaranteed by any government, government agencies or government-sponsored agencies or any bank guarantee fund. Shares in Cash funds are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down. Although the Fund seeks to maintain capital value and liquidity whilst producing a return in line with money market rates to the investor, Cash funds do not guarantee a stable Net Asset Value. All investments are subject to credit and counterparty risk and provide limited potential for capital appreciation and generally lower income than investments in medium- or long-term instruments would. Furthermore, the performance of Cash funds may be affected by changes in money market rates, economic and market conditions and in legal, regulatory and tax requirements. In a low interest rate environment or during adverse market conditions, Cash funds may invest in negative yield instruments which may adversely impact the Net Asset Value of the fund.

The Investment Manager believes the impact of Sustainability Risks on cash funds is likely to be limited given the short-term horizon of money market eligible securities. It is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of any cash fund.

5. Sustainable Investing

a) The Investment Manager considers that Sustainability Risks are relevant to the returns of the Fund.

The identification of Sustainability Risks and their likely impact is performed on the holdings of a given portfolio. For investments relating to individual companies (e.g. bonds, equities), this assessment is made on the basis of the company's sector categorisation and their business model (e.g. carbon emissions for construction companies; ethics and culture for finance companies) in combination with regular dialogue between analysts, portfolio managers and the ESG team. Where a fund does not have exposure directly to the underlying fund holdings, the assessment is made at both a fund level (where there is the potential for ESG input in the strategy (this would, for example, exclude passive funds tracking a broad market index) and, where possible, by performing analysis on the underlying fund holdings which provides an understanding of the potential Sustainability Risk exposures.

This approach permits a full materiality assessment to understand the potential impact on financial returns following the materialisation of a Sustainability Risk. The identified Sustainability Risks and their likely impact are described in the relevant risk warnings under "Risk Factors", Part I (1.2) of the Prospectus.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes. Specific risks will vary in materiality across different sectors and business models, and companies may also be exposed to risks throughout value chains, including suppliers and customers.

The materialisation of a Sustainability Risk is considered to be a sustainable risk event. In the case of such an event there may be an impact on the returns of the fund due to i) direct losses of the impacted investments following such an event (where the effects may be immediate or gradual), or ii) losses incurred due to rebalancing the portfolio following such an event in order to maintain the sustainable characteristics of the fund deemed relevant by the Investment Manager.

b) In addition to 5(a) above, this section applies to funds subject to the disclosure requirements of article 8 of SFDR that will use ESG (as defined under section 1.3 "General approach to sustainable investing" below or in the investment objective of each of these funds) criteria provided by internal research teams and complemented by external ESG rating providers to form an assessment of a security's sustainable characteristics. The Investment Manager's focus on securities of issuers which maintain sustainable characteristics may affect the fund's investment performance and may result in a return that at times compares unfavourably to similar funds without such focus. Sustainable characteristics used in a fund's investment policy may result in such fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their sustainable characteristics when it might be disadvantaged to do so. Over the short term, focus on securities of issuers which maintain sustainable characteristics may affect the fund's investment performance favourably or unfavourably in comparison to similar funds without such focus. Over the long term, we expect such a focus to have a favourable effect, though this is not guaranteed. Nevertheless, the application of ESG criteria may restrict the ability of a fund to acquire or dispose of its investments at the expected price and time, which may result in a loss for such fund. In addition, the ESG characteristics of securities may change over time, which may in some cases require the Investment Manager disposing of such securities when it might be disadvantageous to do so from a financial perspective only. This may lead to a fall in the value of the fund. The use of ESG criteria may also result in a fund being concentrated in companies with ESG focus than that of funds having a more diversified portfolio of investments.

There is a lack of standardised taxonomy of ESG evaluation methodology and the way in which different funds will apply ESG criteria may vary, as there are not yet commonly agreed principles and metrics for assessing the sustainable characteristics of investments made by funds. In evaluating a security based on sustainable characteristics, the Investment Manager is dependent upon information and data sources provided by internal research teams and complemented by external ESG rating providers, which may be incomplete, inaccurate or unavailable. Consequently, there is a risk that the Investment Manager may incorrectly assess a security or issuer. Evaluation of sustainable characteristics of the securities and selection of such securities may involve the Investment Manager's subjective judgment. As a result, there is a risk that the relevant sustainable characteristics may not be applied correctly or that a fund could have indirect exposure to issuers who do not meet the relevant sustainable characteristics applied by such fund. In the event that the sustainable characteristics of a security held by a fund change, resulting in the Investment Manager having to sell the security, neither the fund, the Management Company nor the Investment Manager accept liability in relation to such change. No representation nor warranty is made with respect to the fairness, accuracy or completeness of such sustainable characteristics. The status of a security's sustainable characteristics can change over time.

Further, due to the bespoke nature of the sustainable assessment process there is a risk that not all relevant Sustainability Risks will be taken into account, or that the materiality of a Sustainability Risk is different to what is experienced following a sustainable risk event.

c) As detailed in the investment objective for Fidelity Funds - Euro STOXX 50® Fund, the fund uses an 'index tracking' (also known as 'passive') investment management approach whereby it aims to replicate the composition of the EURO STOXX 50 Index (the 'Index'). Accordingly, the Investment Manager does not currently integrate Sustainability Risks into its security selection process as the securities to which the fund will take exposure are solely driven by the constituents of the Index and the Investment Manager is constrained by this. Accordingly, the identified Sustainability Risks and their likely impact as described in the relevant risk warnings under "Risk Factors", Part I (1.2) of the Prospectus do not apply for this fund.

6. Income-producing securities

Although a fund will generally invest in income-producing securities, it is not guaranteed that all underlying investments will generate income. To the extent that underlying investments of the fund are income producing, higher yields generally mean that there will be:

(i) reduced potential for capital appreciation for equity securities; and

(ii) increased potential for capital appreciation and / or depreciation for fixed income securities.

7. Risks relating to Securities Lending

Securities lending involves risks in that (a) if the borrower of securities lent by a fund fails to return them there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded and that (b) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the investment objective of the fund, or (iii) yield a sum less than the amount of collateral to be returned and that (c) delays in the return of securities on loans may restrict the ability of a fund to meet delivery obligations under security sales.

8. Risks relating to Repurchase and Reverse Repurchase Transactions

Repurchase transactions are where one party sells a security to a counterparty and agrees to repurchase it in the future. For the seller this is a 'repo'; for the buyer it is a 'reverse repo'. In the event of the failure of the counterparty there is the risk that collateral received from the counterparty may realise less than the value of the security placed out due to inaccurate pricing of the collateral or market movements. There are also risks that (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvest.

9. Risks associated with lower and target volatility strategies

Certain funds use models which seek to maintain long-term average annualised volatility of the relevant fund within the range disclosed in the relevant fund's investment objective or seek to maintain an overall volatility profile of the relevant fund that is lower than a market reference. There is no guarantee that the actual annualised volatility that the models will procure over the long term will be within those limits and accordingly there is a risk that actual volatility of the Net Asset Value may be higher than the target range and that investors redeeming assets may suffer a loss thereby. There is also a risk that in targeting its volatility range or a lower volatility level the fund will not capture the full upside from rising markets as the volatility models are designed to balance growth and volatility. Please note that these strategies may not achieve the desired results under all circumstances and market conditions.

10. Additional Market/Sector Specific Sustainability Risks

a. Sustainability risks associated with investments in diversified developed markets

Certain funds may invest, in part or in whole, in diversified developed markets securities. A wide range of Sustainability Risks apply to companies within developed markets. Environmental risks include, but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

b. Sustainability risks associated with investments related to global infrastructure companies

Certain funds may invest in securities of global infrastructure companies. A wide range of Sustainability Risks apply to infrastructure companies. Environmental risks include but are not limited to; potential damage to physical infrastructure assets resulting from extreme weather events and climate change, the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices. Social risks include but are not limited to; cyber risks and the potential theft of customer data, increasing technological regulation, health and safety and employee welfare. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. Failure to effectively manage such risks can lead to a deterioration in financial outcomes as well as negative impacts on society and the environment.

c. Sustainability risks associated with investments related to global industrials companies

Certain funds may invest in securities of global industrials companies. A wide range of Sustainability Risks apply to industrials companies. Environmental risks include, but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Exposure to these risks could lead to incident leading to legal procedures, fines and/or damage the investee company's reputation.

Social risks include but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. These could have direct and indirect impact on an investee company's reputation and operations.

Governance risks include board composition and effectiveness, audit committee structure, bribery and corruption, lobbying, whistle-blower schemes, political contributions, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

d. Sustainability risks associated with investments related to global consumer companies

Certain funds may invest in securities of companies related to the manufacture and distribution of goods to consumer. A wide range of Sustainability Risks apply to companies involved in the manufacture and distribution of goods to consumers. Environmental risks include, but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems.

Social risks include but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

e. Sustainability risks associated with investments related to global demographics companies

Certain funds may invest in securities of companies which are considered as benefitting from demographics changes. A wide range of Sustainability Risks apply to companies which benefit from demographics changes. Environmental risks include, but are not limited to; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

Failure to effectively manage these risks can lead to a deterioration in financial outcomes as well as a negative impact on society and the environment.

11. Risks of investing in Other Collective Investment Schemes/Funds

Certain funds may invest in other funds and will be subject to the risks associated with the underlying funds. The relevant funds do not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the relevant funds. The underlying funds in which the relevant funds may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the relevant funds' redemption requests as and when made.