Amundi HK Portfolios (the "Fund")

First Addendum to the Explanatory Memorandum dated August 2026

Unless otherwise stated herein, the following changes are made to the Explanatory Memorandum with effect from 28 October 2026:

1. <u>Removal of requirement for prior approval from the Manager for transfer of Units</u>

1) The first paragraph under "TRANSFER OF UNITS" section of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units."

2. <u>Swing pricing adjustment mechanism for the following Sub-Funds:</u>

- **<u>Amundi HK – Defensive Balanced Fund</u>**
- **<u>Amundi HK – Balanced Fund</u>**
- **<u>Amundi HK – Growth Fund</u>**
- **<u>Amundi HK – New Generation Asia Pacific Equity Dividend Fund</u>**
- **<u>Amundi HK – Disruptive Opportunities Equity Fund</u>**
- **<u>Amundi HK – Global Bond Income Fund</u>**

1) The first paragraph under the section "Risks involved" in Appendix 1 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"Through its investments in global fixed-income, equity and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, political, economic and social risks and swing pricing risk. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum."

2) The first paragraph under the section "Risks involved" in Appendix 2 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"Through its investments in global fixed-income, equity and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, political, economic and social risks and swing pricing risk. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum."

3) The first paragraph under the section “Risks involved” in Appendix 3 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Through its investments in equity, and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the “Risk Factors” section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, political, economic and social risks and swing pricing risk. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the “Risk Factors” section of this Explanatory Memorandum.”

4) The first paragraph under the section “Risks involved” in Appendix 5 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Through its investments in equity, and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the “Risk Factors” section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risks, liquidity risks, counterparty risks, political, economic and social risks and swing pricing risk. It should also be noted that investments by the Sub-Fund made in small and medium sized companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the “Risk Factors” section of this Explanatory Memorandum.”

5) The first paragraph under the section “Risks involved” in Appendix 6 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Through its investments in equity, money-market instruments (including cash) and derivatives, the Sub-Fund is exposed to risks as stated in the “Risk Factors” section (p.25) of this Explanatory Memorandum, including investment risk, equity, market and volatility risk, currency risk, liquidity risks, counterparty risks, political, economic and social risks, risk of small and medium companies, FATCA risk, credit risk, credit ratings risk, risks associated with financial derivative instruments, hedging, pricing and preliminary expense amortization, auditors, interest rates and swing pricing risk. The Sub-Fund is also subject to the sustainable investment risk as stated in the “Risk Factors” section of this Explanatory Memorandum.”

6) The first paragraph under the section “Risks involved” in Appendix 7 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Through its investments in debt securities and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the “Risk Factors” section of this Explanatory Memorandum, including investment risk, liquidity risks, political, economic and social risks, currency risk, interest rates, credit risk, credit ratings risk, counterparty risks, custody risks, risks associated with hedging, financial derivative instruments, risks associated with collateral management and re-investment of cash collateral, pricing and preliminary expense amortization, auditors, risk of investing in other collective investment schemes, FATCA risk, RMB currency and conversion risk, risks associated with investment in the China Interbank Bond Market through Bond Connect and swing pricing risk. The Sub-Fund is also subject to the sustainable investment risk as stated in the “Risk Factors” section of this Explanatory Memorandum.”

7) The following new section "Price adjustment mechanism" shall be inserted immediately after the "Conversion between Classes and Sub-Funds" section in Appendices 1, 2, 3, 5, 6 and 7 of the Explanatory Memorandum:

"**Price adjustment mechanism**

On any Dealing Day, if trading in the Units of the Sub-Fund would require the purchase or sale of portfolio investments in such size that the associated transaction costs are significant, the Sub-Fund may be exposed to dilution.

In order to reduce the dilution impact and to protect existing investors interest, if the Manager considers it is in the interests of all Unitholders, in calculating the Net Asset Value per Unit, the Manager may, when the net capital flow of the Sub-Fund exceeds the threshold pre-determined by the Manager from time to time, make adjustment to the Net Asset Value per Unit of the Sub-Fund and each class of Units upwards (for net capital inflows into the Sub-Fund) or downwards (for net capital outflows out of the Sub-Fund) in order to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments, including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges. Examples of circumstances which may cause net capital flow include net unit dealing due to subscription/realisation/conversion requests, fund mergers where there are asset flows into/out of the Sub-Fund, etc.

Those adjustments follow the objective to protect the long term Unitholders from cost associated with ongoing subscription, realisation and conversion activity and are not meant to address specific circumstances of each individual investor. Therefore, orders in opposite direction of the Sub-Fund's net transaction activity may be executed at the expense of the other orders.

Under normal market conditions, such swing pricing adjustment will not exceed 2% of the Net Asset Value per Unit of the Sub-Fund or any class of the Sub-Fund. However, it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5% unless with the approval of the Trustee and (if required) the SFC."

3. <u>Changes to the investment strategy and reference index of Amundi HK – Disruptive Opportunities Equity Fund</u>

1) The "Reference index" sub-section under the "Investment objective and policy of the Sub-Fund" section in Appendix 6 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"***Reference index:***
As the Sub-Fund's management is based on a specific theme for which there is no benchmark index, a relevant benchmark index cannot be defined for this Sub-Fund. However, for information purposes only, the MSCI World Growth Net Total Return Index (net dividends reinvested) will be used ex-post to assess the Sub-Fund's performance. This index acts as a reference to gauge the performance of the Sub-Fund without limiting its management. The information relating to the reference index is included for information purposes only. The Manager may change the reference index from time to time without giving prior notice to Unitholders."

2) The following new paragraph shall be added immediately after the second paragraph under "Investment strategy" sub-section under the "Investment objective and policy of the Sub-Fund" section in Appendix 6 of the Explanatory Memorandum:

"The disruptive innovation companies invested by the Sub-Fund are grouped in the following pillars:

- Artificial Intelligence: infrastructure (companies engaging in the physical infrastructure building required for the development of artificial intelligence), enablers (companies

providing applications or services that enable artificial intelligence) and adopters (companies that are adopting artificial intelligence technologies for their products and/or services);
- Robotics: companies providing or related to the development of autonomous systems;
- Security: companies providing or related to the development of digital and physical protection systems and services;
- New energy: companies engaged in the development of energy efficiency and clean tech solutions; and
- Advanced healthcare: biotech and medical innovators."

3) The seventh paragraph under the "Investment strategy" sub-section under the "Investment objective and policy of the Sub-Fund" section in Appendix 6 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"As a result of the Sub-Fund's investment objective and investment strategy that focuses on disruptive innovation businesses, the Sub-Fund is likely to show significant performance differences compared with a global equity index (e.g. MSCI World Growth Net Total Return Index), over relatively extended time periods."

28 October 2026

This First Addendum is valid only if accompanied by the Explanatory Memorandum of Amundi Hong Kong Portfolios dated August 2026 (the "Explanatory Memorandum") and forms an integral part of the Explanatory Memorandum.

Amundi
Investment Solutions

Amundi HK Portfolios

Explanatory Memorandum

- Amundi HK - Defensive Balanced Fund
- Amundi HK - Balanced Fund
- Amundi HK - Growth Fund
- Amundi HK - Money Market USD Fund
- Amundi HK - New Generation Asia Pacific Equity Dividend Fund
- Amundi HK - Disruptive Opportunities Equity Fund
- Amundi HK - Global Bond Income Fund
- Amundi HK - Guaranteed Fund 1
- Amundi HK - Europe Equity High Income Fund

August 2026

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PRELIMINARY

This Explanatory Memorandum comprises information relating to Amundi HK Portfolios (the "Fund") and its sub-funds (the "Sub-Funds"). The Fund is an umbrella unit trust established under Hong Kong law by a trust deed dated 21 October 2009 between Amundi Hong Kong Limited (formerly known as Crédit Agricole Asset Management Hong Kong Limited) as manager (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited as trustee and registrar (the "**Trustee**" and the "**Registrar**").

The Manager accepts responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to such date. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum have been issued. The Trustee is not responsible for the preparation of this Explanatory Memorandum and is not responsible for anything contained herein.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual report of the Fund (if any) and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual reports and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund and the Sub-Funds have been authorised by the SFC pursuant to section 104 of the SFO. In granting such authorisation, the SFC takes no responsibility for the financial soundness of the Fund and any of the Sub-Funds or the accuracy of any of the statements made or opinions expressed in this Explanatory Memorandum. SFC authorization is not a recommendation or an endorsement of the Fund and the Sub-Funds nor does it guarantee the commercial merits of the Fund and/or the Sub-Funds or its performance. SFC authorization does not mean that the Fund and/or the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

(a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and

(b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

The units of this Fund cannot be offered or sold, directly or indirectly, in the United States of America (including its territories and possessions), to or for the benefit of a "U.S. Person", as defined in the U.S. "Regulation S" adopted by the Securities and Exchange Commission ("SEC").

Investors are required to certify in written, prior to the acquisition of the units, that they are not "U.S. Persons". Investors are required to notify immediately the Manager in the event that they become "U.S. Persons".

The Manager may impose restrictions on the unitholders by any "U.S. Person" and operate (i) compulsory redemption of units or (ii) transfer of units held by such "U.S. Person".

Such power covers any person (a) who appears to be directly or indirectly in breach of the laws or regulations of any country or governmental authority, or (b) in the opinion of the Manager, might result in the Fund suffering any disadvantage which the Fund might not otherwise have incurred or suffered.

"U.S. Person" means: (a) any natural person resident in the U.S.; (b) any partnership or corporation organised or incorporated under the laws of the U.S.; (c) any estate of which any executor or administrator is a U.S. Person; (d) any trust of which any trustee is a U.S. Person; (e) any agency or branch of a non-U.S. entity located in the U.S.; (f) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S.; and (h) any partnership or corporation if (i) organised or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended, unless it is organised or incorporated, and owned, by accredited investors (as defined under Rule 501(a) under the U.S. Securities Act of 1933, as amended) who are not natural persons, estates or trusts.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries/regions of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Investors should read the Explanatory Memorandum including the section headed "Risk Factors" before making their investment decision.

Please note that this Explanatory Memorandum must be read together with the relevant Appendix and/or Addendum to this Explanatory Memorandum which relate to a specific Sub-Fund of the Fund. The Appendix and/or Addendum set out the details relating to the Sub-Fund (which may include, without limitation, specific information on the Sub-Fund and additional terms, conditions and restrictions applicable to the Sub-Fund). In the event of any inconsistency between the provisions of an Appendix and/or an Addendum in relation to a specific Sub-Fund and the Explanatory Memorandum, the provisions of the Appendix and/or Addenda of that Sub-Fund should apply.

Important - If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

Personal Information Collection Statement pertaining to Provision of Services

Personal Information Collection Statement relating to the Personal Data (Privacy) Ordinance, as amended (the "Ordinance")

Amundi Hong Kong Limited ("Amundi HK") is committed to maintaining your personal data in accordance with the requirements of the Ordinance and will take all reasonable steps to ensure that your personal data is kept secure against unauthorized access, loss, disclosure and destruction.

This statement clearly stipulates (I) Amundi HK's purposes of data collection and maintenance of data, (II) the classes of persons Amundi HK can transfer personal data to, (III) your rights to access and correct your data and (IV) the framework under which Amundi HK may use your personal data for direct marketing, in compliance with the Ordinance and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

Nothing in this statement shall limit your rights as a data subject under the Ordinance and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

I. Purposes of data collection and maintenance of data

(a) From time to time, it is necessary for clients and various other individuals ("Data Subject(s)") to supply Amundi HK with data in connection with (i) various matters such as account opening or continuation of relationship, (ii) provision of services to Data Subject(s) and/or (iii) compliance with any applicable law, regulation or guideline issued by any regulatory body or authority.

(b) Failure to supply such data may result in Amundi HK being unable to open an account or continue with the provision of services to clients.

(c) The purposes for which data related to Data Subject(s) may be used will vary depending on the nature of the Data Subject(s)' relationship with Amundi HK. Information provided shall be held by Amundi HK or any of its affiliates and/or their delegates or sub-delegates as data processors, as appropriate, and used for any of the following purposes:

(i) processing applications for accounts and services;
(ii) provision of asset management, dealing and advisory services and daily operation of the accounts and services;
(iii) investments in other funds managed by Amundi HK or any of its affiliates;
(iv) designing financial services or related products for Amundi HK clients' use;
(v) promotion and marketing of investment products and/or services as further contemplated under Section IV below;
(vi) meeting regulatory requirements of anti-money laundering and counter-terrorist financing binding on Amundi HK or any of its affiliates or their delegates or sub-delegates, or complying with any group policies, procedures or program in relation thereto;
(vii) complying with the disclosure obligations, requirements, arrangements binding on Amundi HK or any of its affiliates or their delegates or sub-delegates pursuant to:
    (1) any law and/or regulation or according to any guideline or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers; within or outside Hong Kong existing currently or in the future;
    (2) any present or future contractual or other commitment with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities or self-regulatory or industry bodies or associations of financial services providers, that is assumed by or imposed on Amundi HK or any of its affiliates by reason of its financial, commercial, business or other interests or activities in or related to the jurisdiction of the relevant local or foreign legal, regulatory, governmental, tax, law enforcement or other authority, or self-regulatory or industry bodies or associations.
(viii) enabling an actual or proposed assignee of Amundi HK or any of its affiliates, or participant or sub-participant of the rights of Amundi HK or those of any of its affiliates in respect of the Data Subject(s), to evaluate the transaction intended to be the subject of the assignment, participation or sub-participation;
(ix) any other purpose directly related to the above.

(d) Data collected may be maintained for such period of time which may be required under applicable law and as otherwise needed to fulfill the purposes set out in sub-section (c) above.

II. Classes of persons Amundi HK can transfer personal data to

(e) Data held will be kept confidential but Amundi HK may provide such information to the following parties, whether inside or outside Hong Kong, for the purposes set out in sub-section (c) (i) to (ix) above:

(i) holding company, subsidiaries and/or affiliates of Amundi HK;
(ii) agents, contractors, intermediaries and / or service providers of Amundi HK or any of its affiliates providing administrative services, telecommunication services, mailing services, data processing services, data storage services, information technology services, clearing and settlement services, registrar services, custodian services, share distribution services, securities and investment services and/or audit services or other services to Amundi HK in connection with the operation of its business;
(iii) any person under a duty of confidentiality to Amundi HK including any of its affiliates which has undertaken to keep such information confidential;
(iv) any person to whom Amundi HK or any of its affiliates is under an obligation or otherwise required to make disclosure under the requirements of any law binding on or applying to Amundi HK or any of its affiliates, or any disclosure under and for the purpose of any guidelines or guidance given or issued by any legal, regulatory, governmental, tax, law enforcement or other authorities, or self-regulatory or industry bodies or associations of financial services providers with which Amundi HK or any of its affiliates is expected to comply, or any disclosure pursuant to any contractual or other commitment of Amundi HK or any of its affiliates with local or foreign legal, regulatory, governmental, tax, law enforcement or other authorities , or self-regulatory or industry bodies or associations of financial services providers, all of which may be within or outside Hong Kong and may be existing currently and in the future;
(v) any actual or proposed assignee of Amundi HK or any of its affiliates, or participant or sub-participant or transferee of the rights of Amundi HK or those of any of its affiliates in respect of the Data Subject(s);
(vi) charitable or non-profit making organizations; and
(vii) any person or party to whom Amundi HK or its affiliates is under an obligation to make disclosure under the requirements of any law binding on Amundi HK or any of its affiliates.

(f) Protecting your privacy is a priority to us. Your information will be held in confidence and not passed to any third party, other than as already indicated above, without your permission or unless required by law.

(g) Within Amundi HK, access to non-public information about a client is restricted to employees who need to know the information to provide products or services to the client. Amundi HK maintains physical, electronic and procedural safeguards that protect client information.

III. Right to access and correct personal data

(h) Under the Ordinance, you have the right:

(i) to check whether Amundi HK holds data about you, and have access to such data;
(ii) to require Amundi HK to correct any data relating to you which is inaccurate;
(iii) to ascertain Amundi HK's policies and practices in relation to data and to be informed of the kind of personal data held by Amundi HK.

(i) In accordance with the terms of the Ordinance, Amundi HK has the right to charge a reasonable fee for the processing of any data access request.

(j) Requests for access to data or correction of data or for information regarding policies and practices and kind of data held shall be sent to the following address:

Data Protection Officer
Amundi Hong Kong Limited
Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

Please remember to identify yourself when writing to the Data Protection Officer.

IV. Use of personal data by Amundi HK in direct marketing

(k) Amundi HK intends to use Data Subject(s) name(s), job title(s), mailing address(es), email address(es), phone number(s), fax number(s), products and services portfolio information, transaction pattern and behavior and/or financial background in marketing communication such as direct-mails, emails, and/or telephone calls in relation to the promotion and the marketing of investment products managed by and/or investment strategies or services developed by Amundi HK, its holding company, subsidiaries and/or affiliates, markets updates and invitations to events, as well as donations and contributions for charitable and/or non-profit making purposes, and Amundi HK requires the Data Subject(s)' written consent for that purpose.

(l) In addition to marketing itself investment products managed by and/or investment strategies or services developed by Amundi HK, its holding company, subsidiaries and/or affiliates, markets updates and invitations to events, as well as donations and contributions for charitable and/or non-profit making purposes (together hereinafter referred to as the "Services and Products"), Amundi HK also intends to provide the personal data described in sub-section (k) above to the holding company, the subsidiaries and/or the affiliates of Amundi HK for the use by them in marketing those Services and Products, and Amundi HK requires the Data Subject(s)' written consent for that purpose.

(m) Amundi HK may receive money or other property in return for providing the personal data to the other parties described in sub-section (l) above and, when requesting the Data Subject(s)' written consent, Amundi HK will inform the relevant Data Subject(s) if Amundi HK will receive any money or other property in return for providing the data to such other parties.

(n) Amundi HK may not use personal data in direct marketing as described in sub-section (k) or provide personal data for use in direct marketing as described in sub-section (l) above, unless it has received the Data Subject(s)' relevant written consent. You may provide your consent for Amundi HK to use your personal data in direct marketing as described in sub-section (k) and/or provide your personal data to other parties for use in direct marketing as described in sub-section (l) by notifying the Marketing Department of Amundi HK, free of charge, to the following address:

Amundi Hong Kong Limited
Marketing Department
Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

(o) Please note that, should you decide to give your consent with respect to the use by Amundi HK of your personal data in direct marketing as described in sub-section (k) or the provision by Amundi HK of personal data for use in direct marketing as described in sub-section (l) above, you may subsequently, at any time and free of charge, request Amundi HK to cease using your personal data in direct marketing or providing your personal data for use in direct marketing, by sending such a request in writing to the Marketing Department of Amundi HK, to the address mentioned in sub-section (n) above.

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DIRECTORY

Manager
AMUNDI HONG KONG LIMITED
東方匯理資產管理香港有限公司
Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place
979 King's Road, Quarry Bay, Hong Kong

Trustee and Registrar
HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED
滙豐機構信託服務(亞洲)有限公司
1 Queen's Road Central
Hong Kong

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O'TOOLE John Patrick
WONG Tai Che, Eddy
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15 Queen's Road Central
Hong Kong

Solicitors to the Manager
DEACONS
5th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:-

"Amundi Hong Kong Limited"	means Amundi Hong Kong Limited 東方匯理資產管理香港有限公司;
"Appendix"	means the appendix containing specific information in relation to a Sub-Fund or a class or classes of Units in relation thereto which is enclosed with this Explanatory Memorandum and which forms part of this Explanatory Memorandum;
"**Base Currency**"	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as disclosed in the relevant Appendix;
"**Business Day**"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time unless otherwise provided for in the relevant Appendix in relation to a Sub-Fund;
"China" or "PRC"	the People's Republic of China;
"**Class Currency**"	in relation to a class of Units in a Sub-Fund, means the Base Currency of such Sub-Fund or such other currency of account as specified in the relevant Appendix;
"**Connected Person**"	means in relation to the Manager or the Trustee (for the purpose of this definition, referred to as "the Principal"): (a) any person, company or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Principal or being able to exercise, directly or indirectly, 20% or more of the total votes in the Principal; or (b) any person, company or fund controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which the Principal forms part; or (d) any director or officer of the Principal or of any of its Connected Persons as defined in (a), (b), or (c) above; With respect to the "Cash Rebates and Soft Commissions" and "Conflicts of Interest and Transaction with Connected Persons" sections, references to "Connected Person of the Manager" or any reference having the meaning of the same shall be construed to mean "any Connected Person of the Manager or the investment adviser (if any)" and insofar as the context requires, the reference to "Manager" shall include the investment adviser (if any);
"**Dealing Day**"	in relation to a Sub-Fund, means each Business Day or such other day or days as are described in the Appendices for the relevant Sub-Fund as the Manager and the Trustee may determine from time to time for processing applications for subscription and realisation of Units in the Sub-Fund. For the avoidance of doubt, different Dealing

	Days may be determined in relation to the issue and realisation of Units of a Sub-Fund and also in relation to different classes of Units of a Sub-Fund, as more particularly described in the relevant Appendix;
"Dealing Deadline"	in relation to a Dealing Day, means such time on the relevant Dealing Day or such other Business Day as the Manager and the Trustee may determine from time to time and as described in the Appendix of the relevant Sub-Fund (and different Dealing Deadlines may apply in relation to the issue and realisation of Units and also in relation to different classes of Units of a Sub-Fund, as more particularly described in the relevant Appendix);
"ESG"	means Environmental, Social and Governance
"Explanatory Memorandum"	means this Explanatory Memorandum including any appendices, and as each may be amended, updated or supplemented from time to time;
"**Fund**"	means Amundi HK Portfolios, an umbrella unit trust established in Hong Kong;
"**Fund with Guaranteed Features**"	means a Sub-Fund which contains a structure whereby guaranteed amount(s) will be paid to investors who invest in units/shares in the Sub-Fund at specified date(s) in the future (with or without conditions);
"**Government or other public securities**"	means any investment issued by, or the payment of principal and interest on which is guaranteed by, a government or any fixed-interest investment issued by its public or local authorities or other multilateral agencies;
"HKD"	means Hong Kong Dollars, the lawful currency of Hong Kong;
"Hong Kong"	means Hong Kong Special Administrative Region of the People's Republic of China;
"**HSBC Institutional Trust Services (Asia) Limited**"	means HSBC Institutional Trust Services (Asia) Limited 滙豐機構信託服務(亞洲)有限公司;
"IFRS"	means International Financial Reporting Standards;
"**Initial Offer Period**"	in relation to a Sub-Fund or a class or classes of Units in respect thereof, means the initial period during which the Units of the relevant Sub-Fund are being offered to investors as described in the relevant Appendix;
"**Initial Offer Price**"	in relation to a Sub-Fund or a class or classes of Units in respect thereof, means the price per Unit during the Initial Offer Period as disclosed in the relevant Appendix;
"**Investment Delegate**"	an entity that has been delegated the investment management function of all or part of the assets of a Sub-Fund, the details of which are as specified in the relevant Appendix (if applicable);

"**Issue Price**"	means the price, at which Units will be issued following the Initial Offer Period, as more fully described in the sub-section headed "Subsequent Issues" under the section headed "Investing in the Sub-Fund";
"**LAP**"	Debt instruments with loss-absorption features;
"Mainland China" or "Mainland" or "Mainland Chinese"	all the customs territories of the PRC;
"**Manager**"	means Amundi Hong Kong Limited;
"**Net Asset Value**"	means the net asset value of the Fund or a Sub-Fund or as the context may require, of a Unit of the class or classes relating to such Sub-Fund, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "Valuation";
"**Other Amundi's Fund**"	mean an SFC-authorised sub-fund of an umbrella fund (other than the Fund) managed by the Manager or its affiliates within Amundi;
"**Professional Investors**"	shall have the meaning as ascribed to it under the SFO and any rules made thereunder;
"**Qualified Exchange Traded Funds**"	exchange traded funds that are: (a) authorized by the SFC under 8.6 or 8.10 of the Code on Unit Trusts and Mutual Funds; or (b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and either (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the Code on Unit Trusts and Mutual Funds; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the Code on Unit Trusts and Mutual Funds;
"**Realisation Price**"	means the price, at which Units will be realised as more fully described in the section headed "Payment of Realisation Proceeds" under the sub-section headed "Realisation of Units";
"**Registrar**"	means HSBC Institutional Trust Services (Asia) Limited in its capacity as registrar of the Fund;
"**REITs**"	means real estate investment trusts;
"**reverse repurchase transactions**"	means transactions whereby a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future;
"RMB"	means Renminbi, the lawful currency of the Mainland China;

"**sale and repurchase transactions**"	means transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future;
"**securities financing transactions**"	means securities lending transactions, sale and repurchase transactions and reverse repurchase transactions, collectively;
"**Securities Market**"	means any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded;
"**SFC**"	means the Securities and Futures Commission of Hong Kong;
"SFO"	means the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571);
"**Sub-Fund**"	means a separate pool of assets within the Fund with respect to which one or more separate classes of Units may be issued and which is invested and administered separately from other assets of the Fund and more particularly described in the relevant Appendix;
"**Sustainability Factors**"	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery.
"**Sustainability Risks**"	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, including but not limited to, risks stemming from climate change, natural resource depletion, environmental degradation, human rights abuses, bribery, corruption and social and employee matters.
"**Trust Deed**"	means the trust deed establishing the Fund entered into by the Manager and the Trustee dated 21 October 2009, as amended and supplemented from time to time;
"**Trustee**"	means HSBC Institutional Trust Services (Asia) Limited in its capacity as trustee of the Fund;
"**Unit**"	means a Unit in a Sub-Fund;
"**Unitholder**"	means a person registered as a holder of a Unit;
"**U.S.**"	means the United States of America;
"USD" or "US$" or "U.S. Dollars	means the lawful currency of the United States of America;
"**Valuation Day**"	in relation to a Sub-Fund means each Business Day as at which the Net Asset Value of a Unit falls to be calculated or such other day as the Manager may from time to time determine and as are described in the Appendix for the relevant Sub-Fund; and
"**Valuation Point**"	in relation to a Sub-Fund, means the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine and as described in the Appendix for the relevant Sub-Fund.

INTRODUCTION

Amundi HK Portfolios is a unit trust constituted as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Fund has been established as an umbrella fund and accordingly the assets of the Fund will be separated into different sub-funds. The Amundi HK - Defensive Balance Fund is the initial sub-fund of the Fund. The Manager may create further Sub-Funds in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Funds.

Multiple classes of units may be issued in respect of each Sub-Fund and the Manager may create additional classes of Units for any Sub-Fund in its sole discretion in the future. The assets of a Sub-Fund will be invested and administered separately from the assets of the other Sub-Funds issued. The details of the Sub-Funds and/or the new class or classes of Units related thereto in respect of which Units are on offer are set out in the Appendices to this Explanatory Memorandum.

The Base Currency of a Sub-Fund will be set out in the relevant Appendix. Each class of Units within a Sub-Fund will be denominated in the Class Currency thereof, which may be the Base Currency of the Sub-Fund to which such class relates or such other currency of account as specified in the relevant Appendix.

INVESTMENT OBJECTIVES AND POLICIES

The investment objective and policy of each Sub-Fund and principal risks, as well as other important details, are set forth in the Appendix relating to that Sub-Fund.

STOCK CONNECTS

Some Sub-Funds may invest in securities through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "**Stock Connects**").

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by the HKEX, the Shenzhen Stock Exchange ("**SZSE**") and ChinaClear. The aim of both programs is to achieve mutual stock market access between Mainland China and Hong Kong.

The Stock Connects comprise of a Northbound Trading Link (for investment in Mainland Chinese securities) and a Southbound Trading Link (for investment in Hong Kong securities). Under the Northbound Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by The Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to place orders to trade eligible securities listed on SSE and SZSE by routing orders to SSE and/or SZSE. Under the Southbound Trading Link, eligible investors may be able to place orders to trade eligible securities listed on SEHK by routing orders to SEHK.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors will be able to trade certain eligible securities listed on the SSE market (i.e. "**SSE Securities**"). These

include (i) the constituent stocks of the SSE A Share Index that fulfil all of the relevant criteria at any half-yearly review, monthly review or DVR Stock* review, as the case may be, and (ii) the SSE-listed China A-Shares that are not accepted for Northbound trading by virtue of (i) but which have corresponding H-Shares accepted for listing and trading on SEHK, provided that:

(a) they are not traded on SSE in currencies other than RMB; and
(b) they are not under risk alert.

Investors eligible to trade shares that are listed on the Science and Technology Innovation Board ("**STAR Board**") of the SSE under the Northbound Shanghai Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

In addition, Hong Kong and overseas investors are able to trade eligible SSE-listed exchange traded funds ("**ETFs**") that satisfy the relevant criteria at a regular review and are accepted as eligible ETFs for Northbound trading under the Shanghai-Hong Kong Stock Connect. Regular reviews will be performed to determine the eligible ETFs for Northbound trading every six months.

It is expected that the list of eligible SSE Securities may be changed subject to review and approval by the relevant Mainland China regulators from time to time.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors will be able to trade certain eligible securities listed on the SZSE market (i.e. "**SZSE Securities**"). These include (i) SZSE-listed China A-Shares that are constituent stocks of the SZSE Composite Index and fulfil all of the relevant criteria at any half-yearly review, monthly review or DVR Stock* review, as the case may be, and (ii) SZSE-listed China A-Shares that are not accepted for Northbound trading by virtue of (i) but which have corresponding H-Shares accepted for listing and trading on SEHK, provided that:

(a) they are not traded on SZSE in currencies other than RMB; and
(b) they are not under risk alert.

Investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

In addition, Hong Kong and overseas investors are able to trade eligible SZSE-listed ETFs that satisfy the relevant criteria at a regular review and are accepted as eligible ETFs for Northbound trading under the Shenzhen-Hong Kong Stock Connect. Regular reviews will be performed to determine the eligible ETFs for Northbound trading every six months.

It is expected that the list of eligible SZSE Securities may be changed subject to review and approval by the relevant Mainland China regulators from time to time.

Trading day

Investors (including the relevant Sub-Funds) will only be allowed to trade on the SSE market and the SZSE market on days where both the Mainland China and Hong Kong stock markets are open for trading.

Trading quota

Trading under the Stock Connects will be subject to rules and regulations issued from time to time.

* A stock with Differentiated Voting Rights.

Trading under the Stock Connects is subject to a daily quota ("**Daily Quota**"). Northbound Shanghai Trading Link, Northbound Shenzhen Trading Link, Southbound Shanghai Trading Link and Southbound Shenzhen Trading Link will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connects each day. The quotas do not belong to the relevant Sub-Funds and are utilized on a first-come first-served basis.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), also a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors.

The SSE Securities and SZSE Securities traded through the Stock Connects are issued in scripless form, so investors will not hold any SSE Securities and SZSE Securities in physical form.

Hong Kong and overseas investors can only hold SSE and SZSE Securities through their brokers/custodians. Their ownership of such is reflected in their brokers/custodians' own records such as client statements.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE Securities and SZSE Securities will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-/SZSE-listed companies usually announce their annual general meeting / extraordinary general meeting information about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

Pursuant to relevant rules and regulations, when holding China A-Shares through the Stock Connects, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A-Share must not exceed 10% of the total issued shares; and

- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A-Share must not exceed 30% of the total issued shares.

When aggregate foreign shareholding of an individual China A-Share exceeds the 30% threshold, the foreign investors concerned will be requested to sell the relevant China A-Shares on a last-in-first-out basis within 5 trading days. If the 30% threshold is exceeded due to trading via the Stock Connects, SEHK will identify the exchange participant(s) concerned and require

a force-sell. As a result, it is possible that a Sub-Fund may be required to unwind its position where it has invested in a China A-Share listed company in respect of which the aggregate foreign shareholding threshold has been exceeded.

The SSE, SZSE and the SEHK will issue notices or warnings as the aggregate foreign shareholding of an SSE or SZSE Security approaches 30%. Northbound Trading buying orders will be suspended once the aggregate foreign shareholding reaches 28% and will only resume when it drops to less than 26%. Northbound Trading sell orders will not be affected.

Currency

Hong Kong and overseas investors will trade and settle SSE and SZSE Securities in RMB only. Hence, the relevant Sub-Funds will need to use RMB to trade and settle SSE and SZSE Securities.

Trading fees

In addition to paying trading fees and stamp duties in connection with SSE Securities and SZSE Securities trading, the relevant Sub-Funds may be subject to other fees and taxes arising from trading of SSE Securities and SZSE Securities via the Stock Connects which are yet to be determined by the relevant authorities.

Under the Stock Connects, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website: http://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en. (Please note that this website has not been reviewed by the SFC).

Coverage of Investor Compensation Fund

According to the Measures for the Administration of Securities Investor Protection Fund《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund ("CSIPF", 中國投資者保護基金) include "indemnifying creditors as required by Mainland China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the China Securities Regulatory Commission ("**CSRC**") and custodian operation" or "other functions approved by the State Council". As far as the relevant Sub-Funds are concerned, since they are carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not brokers in Mainland China, they are not protected by CSIPF in Mainland China.

Further information about the Stock Connects is available online at the website:

http://www.hkex.com.hk/chinaconnect (Please note that this website has not been reviewed by the SFC).

BOND CONNECT

Some Sub-Funds may invest in Mainland China's onshore bond market through Bond Connect.

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and the Mainland China 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.

Under the prevailing regulations in the 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 People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in the 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 Money markets Unit, which will hold such bonds as a nominee owner.

SUSTAINABLE INVESTING

Since its creation, the Amundi group of companies ("**Amundi**") has put responsible investment and corporate responsibility as one of its founding pillars, based on the conviction that economic and financial actors have a greater responsibility towards sustainable society and that ESG is a long-term driver of financial performance.

Amundi considers that, in addition to economic and financial aspects, the integration within the investment decision process of ESG dimensions, including Sustainability Factors and Sustainability Risks, allows a more comprehensive assessment of investment risks and opportunities.

Integration of Sustainability Risks by Amundi

Amundi's approach to sustainability risks relies on three pillars: a targeted exclusion policy, integration of ESG scores in the investment process and stewardship.

Amundi applies targeted exclusion policies to all Amundi's active investing strategies by excluding companies in contradiction with the Responsible Investment Policy, such as those which do not respect international conventions, internationally recognized frameworks or national regulations.

Amundi has developed its own ESG rating approach. The Amundi ESG rating aims to measure the ESG performance of an issuer, i.e. its ability to anticipate and manage Sustainability Risks and opportunities inherent to its industry and individual circumstances. By using the Amundi ESG ratings, portfolio managers are taking into account Sustainability Risks in their investment decisions.

Amundi ESG rating process is based on the "Best-in-class" approach. Ratings adapted to each sector of activity aim to assess the dynamics in which companies operate.

ESG rating and analysis is performed within the ESG analysis team of Amundi, which is also used as an independent and complementary input into the decision process as further detailed below.

The Amundi ESG rating is an ESG quantitative score translated into seven grades, ranging from A (the best scores universe) to G (the worst). In the Amundi ESG rating scale, the securities belonging to the exclusion list correspond to a G.

In determining the ESG score of a Sub-Fund and its Benchmark (or its reference index or its investment universe, as the case may be), the ESG performance (i.e. a rating of A to G determined under Amundi's ESG rating methodology as described above) of the underlying securities of the Sub-Fund and the Benchmark (or the reference index or the investment universe) will be considered.

For securities issued by corporate issuers, ESG performance is assessed globally and at relevant criteria level by comparison with the average performance of the relevant security with the average performance of the issuer's industry, through the combination of the three ESG dimensions:

1. Environmental dimension: this examines issuers' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity.

2. Social dimension: this measures how an issuer operates on two distinct concepts: the issuer's strategy to develop its human capital and the respect of human rights in general.

3. Governance dimension: This assesses capability of the issuer to ensure the basis for an effective corporate governance framework and generate value over the long-term.

The methodology applied by Amundi ESG rating uses 38 criteria that are either generic (common to all companies regardless of their activity) or sector specific which are weighted according to sector and considered in terms of their impact on reputation, operational efficiency and regulations in respect of an issuer.

To meet any requirement and expectation of the Manager and/or the Investment Delegate(s) (if any) in consideration of their Sub-Funds' management process and the monitoring of constraints associated with a specific sustainable investment objective, the Amundi ESG ratings are likely to be expressed both globally on the three E, S and G dimensions and individually on any of the 38 criteria considered. For more information on the 38 criteria considered by Amundi please refer to the Responsible Investment Policy and Amundi ESG Regulatory Statement available on www.amundi.com.hk. This website has not been reviewed by the Securities and Futures Commission.

The Amundi ESG rating also considers potential negative impacts of the issuer's activities on Sustainability (principal adverse impact of investment decisions on sustainability factors, as determined by Amundi) including on the following indicators:

- Greenhouse gas emission and Energy Performance (Emissions and Energy Use Criteria)
- Biodiversity (Waste, recycling, biodiversity and pollution Criteria, Responsible Management Forest Criteria)
- Water (Water Criteria)
- Waste (Waste, recycling, biodiversity and pollution Criteria)
- Social and employee matters (Community involvement and human rights criteria, Employment practices Criteria, Board Structure Criteria, Labour Relations Criteria and Health and Safety Criteria)
- Human rights (Community involvement & Human Rights Criteria)
- Anti-corruption and anti-bribery (Ethics Criteria)

The way in which and the extent to which ESG analyses are integrated, for example based on ESG scores, are determined separately for each Sub-Fund by the Manager and/or the Investment Delegate(s) (if any).

Stewardship activity is an integral part of Amundi's ESG strategy. Amundi has developed an active stewardship activity through engagement and voting. The Amundi Engagement Policy applies to all Amundi funds and is included in the Responsible Investment Policy.

More detailed information is included in Amundi's Responsible Investment Policy and in Amundi's ESG Regulatory Statement that are available at www.amundi.com.hk. This website has not been reviewed by the Securities and Futures Commission.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager and borrowing restrictions.

Unless otherwise disclosed in the Appendix for the relevant Sub-Fund and agreed by the SFC, each of the Sub-Fund(s) is subject to the investment restrictions and borrowing restrictions set out in Annexure A to this Explanatory Memorandum.

Where direct investment by a Sub-Fund in a market is not in the best interests of the Unitholders of the relevant Sub-Fund, such Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market subject to the requirements of the Code on Unit Trusts and Mutual Funds. Where a Sub-Fund may invest through a wholly-owned subsidiary, further details are set out in the Appendix of such Sub-Fund.

If the investment and borrowing restrictions for a Sub-Fund are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders of the relevant Sub-Fund.

MANAGEMENT OF THE FUND

The Manager

The Manager of the Fund is Amundi Hong Kong Limited ("Amundi Hong Kong"), a limited liability company incorporated under the laws of Hong Kong on 9 March 1973 and regulated by the SFC. The Manager is licensed to carry out the following activities in Hong Kong: Dealing in Securities, Advising on Securities and Asset Management (Type 1, 4 and 9 Regulated Activities).

The Manager is an indirect wholly-owned subsidiary of Amundi. Amundi was formed by combining the asset management expertise of two major banking groups: Crédit Agricole S.A. and Société Générale S.A. on 31 December 2009. The Manager's operations in Asia were established in 1982 as the Asian investment specialist for the Amundi (formerly known as Crédit Agricole Group). The primary commercial responsibility for North Asia lies with the Manager, while South East Asia is covered by its other affiliates. The coverage of Asia has been further enhanced recently with the opening of the representative office in Beijing in autumn 2006 and the establishment of a presence in Sydney in January 2007.

The Manager may from time to time appoint other Investment Delegates or investment advisers in relation to any Sub-Fund subject to prior SFC approval. The details of any Investment Delegate or investment adviser will be disclosed in the Appendix of the relevant Sub-Fund. The remuneration of such Investment Delegates or investment advisers will be borne by the Manager.

The Trustee and Registrar

The Trustee and Registrar of the Fund is HSBC Institutional Trust Services (Asia) Limited. The Trustee was incorporated with limited liability in Hong Kong on 27 September 1974 and is

registered as a trust company under Section 78 (1) of the Hong Kong Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Fund Schemes Authority as trustee of registered mandatory provident fund schemes under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) in Hong Kong. It is also registered with Hong Kong Monetary Authority in which required to comply with the Supervisory Policy Manual ("SPM") module on "Regulation and Supervision of Trust Business"(TB-1) as a statutory guideline under section 7(3) of the Banking Ordinance. The Trustee is licensed by the SFC to carry out type 13 regulated activity (providing depositary services for relevant collective investment schemes under the Securities and Futures Ordinance (Cap. 571) and has a Trust or Company Service Provider ("TCSP") License under Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

The Trustee is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales. The HSBC Group is one of the largest banking and financial services organisations in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

Under the Trust Deed, the Trustee shall take into custody or under its control all the investments, cash and other assets forming part of the assets of the Fund and its Sub-Funds and hold them in trust for the Unitholders of the relevant Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by law, shall register cash and registrable assets in the name of or to the order of the Trustee and be dealt with as Trustee may think proper for the purpose of providing for the safe keeping thereof. The Trustee shall, among other obligations, take reasonable care to ensure that 1) the sale, issue, repurchase, realisation and cancellation of units in relation to the Sub-Funds are carried out, 2) the methods adopted by the Manager in calculating the value of units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated, in accordance with the provisions of the Trust Deed; 3) the investment and borrowing limitations set out in the Trust Deed as they relate to the relevant Sub-Fund are complied with; and 4) the cash flows of the Fund and its Sub-Funds are properly monitored. As Registrar of the Fund, the Trustee is also responsible for maintaining the register of Unitholders.

As agreed between the Trustee and the Manager, the Trustee is responsible for valuing the assets of the Fund and its Sub-Funds. The Trustee will provide certain other administrative services to the Fund and its Sub-Funds.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

The Trustee and its delegates are not responsible for the management of the investments of the Fund and its Sub-Funds. Notwithstanding the aforesaid, as long as a Sub-Fund is authorised by the SFC, the Trustee shall take reasonable care to ensure the investment and borrowing limitations set out in the Trust Deed as they relate to such Sub-Fund and the conditions under which such Sub-Fund is authorised are complied with.

INVESTING IN THE SUB-FUND

Initial Offer Period

Units of each Sub-Fund will be offered for the first time at the Initial Offer Price during the Initial Offer Period as set forth in the Appendix relating to the relevant Sub-Fund.

Different classes of Units may be offered for each Sub-Fund. Although the assets attributed to each class of Units of a Sub-Fund will form one single pool, each class of Units will have a different charging structure with the result that the Net Asset Value attributable to each class

of Units of a Sub-Fund may differ slightly. In addition, each class of Units may be subject to different minimum initial and subsequent amounts and holding amounts, and minimum realisation and conversion amounts. Investors should refer to the relevant Appendix for the available classes of Units and applicable minimum amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and conversion of certain classes below the applicable minimum amounts.

Dealing Day and Dealing Deadline

The Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction the time on such Dealing Day or on such other Business Day as in which Units may from time to time be sold prior to which instructions for subscriptions, realisations, conversions or transfers are to be received in order to be dealt with on a particular Dealing Day. Dealing Days and the relevant Dealing Deadlines for each Sub-Fund are set out in the relevant Appendix.

Application Procedure

To purchase Units an investor should complete the application form, which may be obtained from the Manager or recognized intermediaries, (the "**Application Form**") and return the original Application Form to the Trustee (details of which as set out in the Application Form). Unless otherwise disclosed in the relevant Appendix of a Sub-Fund or unless otherwise agreed by the Manager, applications and application monies in cleared funds must be received prior to 5:00 p.m. (Hong Kong time) on the day of the close of the Initial Offer Period, and Units will be issued on the Business Day following the close of the Initial Offer Period. If applications and/or cleared funds are received after that time, such applications shall be carried forward to the next Dealing Day.

The Application Form may also be sent by facsimile or electronic means provided the original follows promptly. Investors should be reminded that if they choose to send the Application Forms by facsimile or electronic means, they bear their own risk of such applications not being received or being illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such facsimile or electronic instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or electronic transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Trustee safe receipt of an application.

Each applicant whose application is accepted will be sent confirmation of his purchase of Units.

The Manager reserves the right to set a minimum total subscription requirement to be received during the Initial Offer Period of any Sub-Fund or a class or classes of Units in relation thereto failing which, the Manager may either extend the Initial Offer Period, abort or launch such Sub-Fund. If the Manager exercises its discretion to abort the launch of a Sub-Fund, application monies paid by the applicants will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the moneys were originally debited at the risk and expense of the applicants. Any such minimum total subscription requirement will be disclosed in the Appendix for the relevant Sub-Fund.

Subsequent Issues

Unless otherwise disclosed in the Appendix of a Sub-Fund, following the close of the Initial Offer Period, the Issue Price per Unit (exclusive of any preliminary charge) in respect of a class in a Sub-Fund on any Dealing Day shall be the Net Asset Value per Unit of that class

ascertained by dividing the Net Asset Value of that class as at the Valuation Point in respect of that Dealing Day by the number of Units of that class in issue rounded down to 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained for the benefit of the relevant Sub-Fund.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications for subscription of any class of Units in a Sub-Fund will, if received prior to the Dealing Deadline by the Trustee in relation to the relevant Dealing Day, be dealt with on that Dealing Day.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day. The Manager has the discretion to accept late applications and/or late application moneys received after the Dealing Deadline.

Applications may be sent by facsimile or electronic means. Investors should be reminded that if they choose to send the applications by facsimile or electronic means, they bear their own risk of such applications not being received or being illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such facsimile or electronic instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or electronic transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Trustee safe receipt of an application.

Each applicant whose application is accepted will be sent confirmation of his purchase of Units.

Units may not be issued during the period of any suspension of the determination of the Net Asset Value relating to such class of Units of a Sub-Fund (for details see the section below headed "Suspension of Calculation of Net Asset Value").

Preliminary Charge

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 5% on the Initial Offer Price or the Issue Price, as the case may be, of the relevant class of Unit of a Sub-Fund. For the avoidance of doubt, a lower maximum rate of preliminary charge may be imposed in relation to the issue of Units of a Sub-Fund and also in relation to different classes of Units of a Sub-Fund. The maximum and current rate of preliminary charge (if any) will be disclosed in the relevant Appendix.

The preliminary charge will be added to the Initial Offer Price or the Issue Price, or deducted from the amount of subscription, as the case may be. The Manager may differentiate between applicants as to the amount of the preliminary charge (within the permitted limit) to be added to the Initial Offer Price or the Issue Price, as the Manager may at its absolute discretion determine, of the Units issued to them respectively.

The Manager may retain the benefit of the preliminary charge (and any other fees received) or may re-allow or pay all or part of the preliminary charge (and any other fees received) to recognised intermediaries or such other persons (including its affiliates) as the Manager may at its absolute discretion determine. The Manager may in its absolute discretion discount or waive any charges or fees in relation to dealings via the Manager.

Minimum Subscription, Minimum Holding, Minimum Subsequent Subscription and Minimum Realisation

Details of the minimum initial subscription, minimum holding, minimum subsequent subscription and minimum realisation amounts applicable to each class of Unit in each Sub-Fund are set out in the relevant Appendices.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, minimum holding and realisation amounts whether generally or in a particular case.

Payment Procedure

No Unit in a Sub-Fund will be issued unless and until the relevant application moneys have been received in cleared funds by or on behalf of the Sub-Fund, unless otherwise approved by the Manager, who has discretion to allow application moneys to be received in cleared funds within no more than 3 Business Days from the Dealing Day. If timely settlement is not made, the Manager reserves the right to cancel the application. Application moneys should be paid in the Class Currency of the relevant class of Units or any other currency acceptable to the Trustee. Application moneys other than in the Class Currency will be converted by the Trustee into the Class Currency and all bank charges and other conversion costs will be deducted from the application moneys before investment in Units. None of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder for any loss suffered by such Unitholder arising from the said currency conversion.

All payments can be paid either by telegraphic transfer to the relevant accounts as set out in the Application Form or may be paid by cheque in accordance with instructions on the Application Form. It should be noted that there may be delay in receipt of cleared funds if payment is made by cheques or bank draft compared to payment by telegraphic transfer. Any costs of transfer of application monies to a Sub-Fund will be payable by the applicant.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted.

Although Units will not be issued until the applicable Dealing Day, paid monies are deposited into the account for the relevant Sub-Fund and kept by the Trustee.

No money should be paid to any intermediary in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (Dealing in Securities) under Part V of the SFO or who does not fall within the statutory exemption from the requirement to be licensed or registered to carry on Type 1 regulated activities under Part V of the SFO.

General

All holdings will be registered and certificates will not be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. A contract note will be issued upon acceptance of an investor's application and will be forwarded by ordinary post (at the risk of the person entitled thereto).

Fractions of Units may be issued rounded to the nearest 3 decimal places. Application monies representing smaller fractions of a Unit will be retained for the benefit of the relevant Sub-Fund. The Manager shall have the absolute discretion to accept or reject in whole or in part any application for Units. A maximum of 4 persons may be registered as joint Unitholders.

In the event that an application is rejected, application monies will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the monies were originally debited at the risk and expense of the applicants.

REALISATION OF UNITS

Realisation Procedure

Subject to any lock-up period as set out in the relevant Appendix, Unitholders who wish to realise their Units may do so on any Dealing Day by submitting a realisation request to the Trustee before the Dealing Deadline. Unless otherwise stated in the Appendix of the relevant Sub-Fund, realisation requests received after such time will be carried forward and dealt with on the next Dealing Day. Subject to the Manager's discretion to accept late realisation request prior to the Valuation Point relating to the relevant Dealing Day, any realisation request received after the Dealing Deadline will be held over until the next Dealing Day and Units will then be realised at the Realisation Price applicable on that Dealing Day.

Partial realisations may be effected subject to any minimum realisation amount for each class of Units of a Sub-Fund as disclosed in the relevant Appendix or as the Manager may determine from time to time whether generally or in a particular case.

If a request for realisation will result in a Unitholder holding Units in a class to the value of less than the minimum holding amount of that class as set out in the relevant Appendix of a Sub-Fund, or such lower value as the Manager may determine from time to time (whether generally or in a particular case), the Manager may deem such request to have been made in respect of all the Units of that class held by that Unitholder. Notwithstanding the aforesaid, the Manager has the discretion to waive the requirement for a minimum holding of Units, whether generally or in a particular case.

A realisation request must be given in writing (including by facsimile or electronic means), and must specify the name of the Sub-Fund and the value or number of Units to be realised, the relevant class of Units to be realised, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds. Investors should be reminded that if they choose to send realisation requests by facsimile or electronic means, they bear their own risk of the requests not being received or illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any realisation request sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such facsimile or electronic instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or electronic transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Trustee safe receipt of a request.

A request for realisation once given cannot be revoked without the consent of the Manager.

Realisation Charge

Unless otherwise waived by the Manager (whether in whole or in part and whether generally or in a particular case), the Manager has the power to levy a realisation charge of up to 2% of the Realisation Price per Unit in respect of Units to be realised. For the avoidance of doubt, a lower maximum rate of realisation charge may be imposed in relation to the realisation of Units of a Sub-Fund and also in relation to different classes of Units of a Sub-Fund. The maximum and current rate of realisation charge, if any, will be disclosed in the relevant Appendix.

The realisation charge shall be deducted from the amount payable to the realising Unitholder and shall be retained by or paid to the relevant Sub-Fund or the Manager as described in the relevant Appendix, for their own absolute use and benefit. For the purpose of calculating the realisation charge payable on a partial realisation of a Unitholder's holding of Units, Units subscribed earlier in time will be deemed to be realised prior to Units subscribed later in time unless otherwise specified.

Payment of Realisation Proceeds

The price at which Units in a Sub-Fund or a class or classes in relation thereto will be realised on any particular Dealing Day will be the Realisation Price, calculated in the manner provided in the Trust Deed.

Unless otherwise disclosed in the Appendix of a Sub-Fund, the Realisation Price per Unit in respect of a class in a Sub-Fund on any Dealing Day shall be the Net Asset Value per Unit of that class ascertained by dividing the Net Asset Value of that class as at the Valuation Point in respect of the Dealing Day on which the Units are realised by the number of Units of that class in issue rounded down to 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained for the benefit of the relevant Sub-Fund. The Realisation Price shall be calculated in the Class Currency of the relevant Unit and quoted by the Manager in such Class Currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate or other rates as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point.

The amount due to a Unitholder on the realisation of a Unit pursuant to the paragraph above shall be the Realisation Price, less any realisation charge, any fiscal and sale charges and any rounding adjustment in respect thereof. The fiscal and sale charges (if any), as well as the rounding adjustment aforesaid in relation to the realisation of any Units shall be retained as part of the relevant Sub-Fund.

Realisation proceeds will not be paid to any realising Unitholder by the Trustee until and unless otherwise agreed by the Trustee, any such written realisation request has been duly completed and signed (to the satisfaction of the Trustee or its duly authorised agents) by the Unitholder or (as the case may be) each joint Unitholder or any one or a combination of the joint Unitholders as may be accepted by the Trustee in its discretion.

Further the Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a realisation payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Trust, the Managers, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity.

In the event that there is a delay in receipt by the Manager of the proceeds of realisation of the investments of the relevant Sub-Fund to meet realisation requests, the Manager may delay the payment of the relevant portion of the amount due on the realisation of Units. If the Manager or the Trustee is required by the laws of any relevant jurisdiction to make a withholding from any realisation moneys payable to the holder of a Unit the amount of such withholding shall be deducted from the realisation moneys otherwise payable to such person.

Subject as mentioned above and so long as relevant account details have been provided, realisation proceeds will be paid by the Trustee in the Class Currency of the relevant Unit by direct transfer or telegraphic transfer to the pre-designated bank account of the Unitholder (at his risk and expense), normally within 3 Business Days after the relevant Dealing Day (unless otherwise specified below for the relevant Sub-Funds) and in any event within one calendar month of the relevant Dealing Day or (if later) following receipt of a properly completed request for realisation of Units. If relevant account details are not provided, realisation proceeds will be paid to the realising Unitholder (or to the first-named of joint Unitholders) at the Unitholder's

risk by cheque, usually in the Base Currency of the Sub-Fund and sent to the realising Unitholder at the last known address held in the records of the Trustee.

The realisation proceeds will be paid in the manner mentioned in this section normally within 5 Business Days after the relevant Dealing Day for the following Sub-Funds:

(i) Amundi HK – Money Market USD Fund
(ii) Amundi HK – Guaranteed Fund 1

Subject to the agreement of the Trustee, realisation proceeds can be paid in a currency other than the Class Currency of a Unit at the request and expense of the Unitholder. In such circumstances, the Trustee shall use such currency exchange rates as it may from time to time determine. None of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder for any loss suffered by any person arising from the said currency conversion.

The Trust Deed provides for payment of realisation proceeds in specie with the consent of the relevant Unitholder.

CONVERSION OF UNITS

Conversion between Sub-Funds and classes of Units

Unless otherwise disclosed in the Appendix of a Sub-Fund, Unitholders have the right (following the expiry of any applicable lock-up period) to convert all or part of their Units of any class (the "**Existing Class**") relating to a Sub-Fund into Units relating to another class (the "**New Class**") in that Sub-Fund or another Sub-Fund that may be available, provided that the New Class is open for new subscription, by giving notice in writing to the Trustee prior to the Dealing Deadline of the Existing Class. Requests for conversion received by the Registrar prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Any request of conversion received after such Dealing Deadline will be held over and dealt with on the next Dealing Day for realisations in relation to the Existing Class. Notices to request conversion to another class in the same Sub-Fund or another Sub-Fund may not be withdrawn without the consent of the Manager.

A request for conversion will not be effected if the relevant Unitholder would hold less than the minimum holding of Units prescribed for the Existing Class as a result, or is prohibited from holding Units of the New Class.

Conversion involving Other Amundi's Funds

Unless otherwise disclosed in the Appendix of a Sub-Fund, Unitholders also have the right (following the expiry of any applicable lock-up period) to convert all or part of their Units of any Existing Class relating to a Sub-Fund into shares / units of any New Class of an Other Amundi's Fund that may be available, provided that the New Class is open for new subscription, subject to the same Dealing Deadline as that for the conversion between Sub-Funds and classes of Units as described above. Notices to request conversion to an Other Amundi's Fund may not be withdrawn without the consent of the Manager.

Conversion involving Other Amundi's Funds will be effected by means of a realisation of the original shares / units and a subscription for the shares / units to be acquired upon conversion. Any such realisation and subscription will be subject to the minimum holding / investment requirements and any other applicable terms set out in the offering documents of the relevant funds involved.

Where conversions are undertaken between a Sub-Fund and an Other Amundi's Fund having different currencies of denomination, the necessary foreign exchange transactions will be undertaken at normal banking rates. Investors should contact the Manager or your distributor if you have any question concerning the procedures of conversion involving Other Amundi's Funds.

Conversion generally

To effect a conversion, Units in the Existing Class will be realised at the prevailing Realisation Price per Unit of the relevant class as at the relevant Dealing Day on which the Units are to be converted and shares / units in the New Class will be issued to the Unitholder at the applicable issue price per share / unit of the New Class.

The conversion shall be determined in accordance with the following formula:

$$N = \frac{(E \times R \times F)}{S + SF}$$

Where:

N is the number of shares / units of the New Class to be issued provided that amounts lower than the smallest fraction of a share / unit of the New Class shall be ignored and shall be retained by the sub-fund relating to the New Class.

E is the number of Units of the Existing Class to be converted.

F is the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the Class Currency of Units of the Existing Class and the class currency of shares / units of the New Class.

R is the Realisation Price per Unit of the Existing Class applicable on the relevant Dealing Day less any realisation charge imposed by the Manager.

S is the issue price per share / unit for the New Class applicable on the dealing day for the New Class coincident with or immediately following the relevant Dealing Day PROVIDED THAT where the issue of shares / units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the issue price per share / unit of the New Class applicable on the first dealing day for the New Class falling on or after the satisfaction of such conditions.

SF is a switching fee (if any).

The Manager is entitled to impose a switching fee in respect of each share / unit of New Class to be issued upon a conversion of a percentage (to be determined by the Manager) of the issue price per share / unit of the New Class as at the valuation point on the valuation day at which the issue price of such shares / units is ascertained. The switching fee shall be deducted from the amount reinvested into shares / units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit. The Manager has discretion to waive the switching fee in whole or in part in relation to any switching whether generally or in a particular case.

The Manager has the right to impose a switching fee of up to 5% of the issue price of the new shares / units in relation to the conversion of Units. For the avoidance of doubt, a lower maximum rate of switching fee may be imposed in relation to the conversion of Units of a Sub-Fund and also in relation to different classes of Units of a Sub-Fund. The maximum and current rate of switching fee (if any) in respect of a Sub-Fund will be disclosed in the relevant Appendix.

For the maximum and current rate of switching fee (if any) in respect of an Other Amundi's Fund, please refer to the offering document of the Other Amundi's Fund.

If there is, at any time during the period from the time as at which the Realisation Price per Unit of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates (the "**Original Sub-Fund**") to the sub-fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Manager may at its discretion reduce the Realisation Price per Unit as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and in such event the number of the shares / units of the New Class to be allotted to any relevant Unitholder shall be recalculated as if that reduced Realisation Price had been the Realisation Price ruling for realisation of Units of the Existing Class on the relevant Dealing Day.

Restrictions on realisation and conversion

The Manager may suspend the realisation or conversion of Units of any class or delay the payment of realisation proceeds during any periods in which the determination of the Net Asset Value of a Sub-Fund relating to such class of Units is suspended (for details see "Suspension of Calculation of Net Asset Value" below). Notwithstanding the foregoing, payment of moneys in respect of requests for realisation received and fully processed prior to a declaration of suspension of determination of the Net Asset Value of the relevant Sub-Fund will be made in accordance with the procedures set out in the "Payment of Realisation Proceeds" section.

Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the realisation of Units of such class which have not been fully processed by notice in writing to the Trustee. If no such notice withdrawing any such request has been received by the Trustee before lifting of such suspension, the Trustee shall, subject to and in accordance with the terms of the Trust Deed, realise Units in respect of which they have received applications for realisation as at the Dealing Day next following the lifting of such suspension.

With a view to protecting the interests of Unitholders, the Manager is entitled, after consultation with the Trustee, to limit the number of Units of a Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of the Sub-Fund in issue. In this event, the limitation will apply pro rata to all Unitholders of the Sub-Fund who have validly requested realisation to be effected on such Dealing Day so that the proportion realised of each holding so requested to be realised is the same for all such Unitholders provided that any holdings so requested to be realised being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be realised in full if in the opinion of the Manager the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day.

The Manager does not authorise practices connected to market timing and reserves the right to reject any applications for subscriptions or conversions of Units from a Unitholder which it suspects to use such practices and take, as the case may be, the necessary measures to protect the Unitholders.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes and realises or converts Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of a Sub-Fund.

VALUATION

The value of the net assets of a Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:-

(a) except in the case of any interest in a collective investment scheme to which paragraph (c) applies and subject as provided in paragraph (e) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, over-the-counter market or securities market shall be made by reference to the last traded price on the principal stock exchange for such investments, at or immediately preceding the Valuation Point, provided that if the Manager in its discretion considers that the prices ruling on a stock exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine and the prices provided by any such system shall be deemed to be the last traded prices for such purpose;

(b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (a) and (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager, in consultation with the Trustee, shall determine;

(d) the value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may, in consultation with the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager after consultation with the Trustee, any adjustment should be made, to reflect the value thereof;

(f) notwithstanding the foregoing, the Manager may, in consultation with the Trustee, adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and

(g) the value of any investment (whether of a security or cash) otherwise than in the Base Currency of a Sub-Fund shall be converted into currency at the rate (whether official or otherwise) which the Trustee shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

The term “last traded price” above refers to the last trade price reported on the exchange for the day, commonly referred to in the market as the settlement or exchange price, and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded then the last traded price will represent the exchange close price as calculated and published by that exchange in accordance with its local rules and customs.

Where a third party is engaged in the valuation of the assets of a Sub-Fund, the Manager shall exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources is commensurate with the valuation policies and procedures for such Sub-Fund. The valuation activities of such third party shall be subject to ongoing supervision and periodic review by the Manager.

Suspension of Calculation of Net Asset Value

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, declare a suspension of the determination of the Net Asset Value of any Sub-Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any commodities market or securities market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Issue Price or Realisation Price per Unit; or

(b) for any other reason the prices of investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager after consultation with the Trustee, reasonably, promptly and fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager after consultation with the Trustee, it is not reasonably practicable to realise a substantial part of investments held or contracted for by the Manager for the account of that Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant Sub-Fund; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the investments of that Sub-Fund or the issue or realisation of Units of that Sub-Fund is delayed or cannot, in the opinion of the Manager after consultation with the Trustee, be carried out promptly at normal rates of exchange; or

(e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of a substantial part of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Realisation Price per Unit takes place or when for any other reason the value of a substantial part of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Realisation Price per Unit cannot in the opinion of the Manager after consultation with the Trustee reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(f) when, in the opinion of the Manager after consultation with the Trustee, such suspension is required by law or applicable legal process; or

(g) where that Sub-Fund is invested in one or more managed funds and the redemption of interests in a relevant managed fund (representing a substantial part of the assets of that Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager, the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall immediately after any such declaration and at least once a month during the period of such suspension, publish a notice on http://www.amundi.com.hk in both English and Chinese. This website has not been reviewed by the SFC.

No Units in the relevant Sub-Fund may be issued or realised during such a period of suspension.

LIQUIDITY RISK MANAGEMENT

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund and to ensure that the liquidity profile of the investments of each Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet realisation requests.

The Manager would regularly assess the liquidity of each Sub-Fund's assets under the current and likely future market conditions. In particular, for high yield or unrated debt securities and emerging market assets, the Manager intends to maintain a more diversified investment portfolio with different levels of liquidity and avoid concentrating investment in any one investment, particularly investments which are less liquid. The Manager may also set an internal limit as to each individual investment that may be held by a Sub-Fund.

The Manager may use a range of quantitative metrics and qualitative factors in assessing the liquidity of a Sub-Fund's assets including the following:

- the volume and turnover in the security;
- (Where the price is determined by the market) the size of the issue and the portion of the issue that the Manager plans to invest in;
- the cost and timeframe to acquire or sell the securities;
- an independent analysis of historic bid and offer prices may indicate the relative liquidity and marketability of the instrument; and
- the quality and number of intermediaries and market makers dealing in the security concerned.

The following mechanisms may be employed by the Manager to manage liquidity risks:

- the Manager may limit the number of Units of any Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of the relevant Sub-Fund in issue (subject to the conditions under the heading "Restrictions on Realisation and Conversion" in the section headed "Conversion of Units"). If such limitation is imposed, this would restrict the ability of a Unitholder to realise in full the Units he intends to realise on a particular Dealing Day;

- the Manager may suspend realisation under exceptional circumstances as set out under the heading “Suspension of Calculation of Net Asset Value” in the section headed “Valuation”. During such period of suspension, Unitholders would not be able to realise their Units in the relevant Sub-Fund;

- the Manager may, in calculation of the Realisation Price, deduct fiscal and sale charges (please refer to the heading “Payment of Realisation Proceeds” in the section “Realisation of Units”), to protect the interest of remaining Unitholders. Please refer to the section headed “Valuation” for details. As a result of such adjustment, the Realisation Price will be lower than the Realisation Price which otherwise would be if such adjustment has not been made;

- the Manager may borrow up to 10% of the latest available Net Asset value of a Sub-Fund to acquire investments, to realise Units or to pay expenses relating to the relevant Sub-Fund; and

- where specified in the relevant Appendix in relation to a Sub-Fund, the Manager may, when the net capital flow of the relevant Sub-Fund exceeds the threshold pre-determined by the Manager from time to time, adjust the Net Asset Value per Unit of the relevant Sub-Fund and each class of Units (if applicable) upwards (for net capital inflows into the relevant Sub-Fund) or downwards (for net capital outflows out of the relevant Sub-Fund) in order to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments. Please refer to the section headed “Price adjustment mechanism” of the relevant Appendix for details.

In practice, the Manager will consult the Trustee before the use of these mechanisms. Investors should note that there is a risk that these mechanisms may be ineffective to manage liquidity and realisation risks.

RISK FACTORS

Investors should satisfy themselves that an investment in a Sub-Fund is suitable for them in terms of their own circumstances and financial position before making any decision to invest in the Sub-Fund. In addition, investors should avoid excessive investment in any single type of investment (in terms of its proportion in the overall investment portfolio), including any proposed investment in a Sub-Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should not solely rely upon such information for any investment in a Sub-Fund.

Investors’ attention is drawn to the following risk factors:

(i) Investment Risk

There is no guarantee of the repayment of principal and that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. There is no assurance that the investment objective of any of the Sub-Funds will be achieved and investment results may vary substantially on a monthly, quarterly or annual basis. Past performance is not necessarily a guide to future performance and investments should be regarded as medium to long-term. Investors should be aware that a Sub-Fund’s investment portfolio and the value of its Units may fall as well as rise due to any of the relevant key risk factors below and capital may not be preserved and therefore their investments in a Sub-Fund may suffer

losses. Investment in a Sub-Fund should not be the sole or principal component of any investment portfolio.

(ii) **Equity, Market and Volatility risk**

Certain Sub-Funds may invest directly or indirectly in equities and are thus, subject to the market risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, the business and social conditions in local and global marketplace and issuer-specific factors. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions. It is possible that your investment value could suffer substantial loss. High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of a Sub-Fund.

(iii) **Liquidity Risks**

Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of the securities. Certain securities may be different or impossible to sell at the time that a Sub-Fund would like or at the price that a Sub-Fund believes the security is currently worth. A Sub-Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

(iv) **Political, economic and social risks**

The economies of individual countries/regions in which a Sub-Fund may invest in may differ favourably or unfavourably from the economies of more developed countries/regions in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

With respect to any emerging country/region, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries/regions or the value of a Sub-Fund's investments in such countries/regions. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country/region. Furthermore, the economies of emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are hence exposed to higher levels of market risk. The securities markets of some of the emerging countries/regions in which the Sub-Fund's assets may invest are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. In addition, emerging markets may have higher risk of remittance restrictions and be subject to currency exchange control, which may affect the value of securities in these markets and may affect the Sub-Fund's ability to meet redemption requests. Accounting, auditing and financial reporting standards in some of the emerging markets in which a Sub-Fund's assets may be invested differ from international standards. As a result, certain material disclosures may not be made by some companies.

The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets. As a result of the Sub-Fund's exposure to political, economic and social risks, the Sub-Fund may suffer substantial losses.

(v) **Risk of small and medium companies**

Certain Sub-Funds may invest in emerging countries/regions which small and medium sized companies are commonly found. Investment in small and medium sized companies involves a higher degree of risk, due to higher risks of failure or bankruptcy and illiquid nature of the small and medium companies' shares. Small and medium companies' shares may have lower liquidity and their prices are more volatile to adverse economic development than shares of large companies. The Sub-Funds investing in small and medium sized companies may suffer loss.

(vi) **Currency risk**

Certain Sub-Funds may be invested in whole or in part in underlying assets quoted in other currencies than the Sub-Fund's Base Currency. Also, a class of Units may be designated in a currency other than the Sub-Fund's Base Currency. The performance and the Net Asset Value of a Sub-Fund may therefore be affected unfavourably by movements in the exchange rate between these currencies and the Base Currency of the Sub-Fund and by changes in exchange rate controls. As a result of the Sub-Funds' exposure to currency risk, the Sub-Funds may suffer loss.

(vii) **Interest rates**

Interest rates may be subject to fluctuation. Any fluctuation in interest rates may have a direct and/or indirect effect on the income received by a Sub-Fund and its capital value. The value of investments in bonds may rise or fall sharply as interest rates fluctuate. As a general rule, the value of fixed-rate instruments will increase when interest rates fall, and fall when interest rates increase. To the extent a Sub-Fund holds long-term bonds, its Net Asset Value may be subject to a greater degree of fluctuation than if it held bonds of a shorter duration.

(viii) **Credit risk**

Bonds involve credit risk of the issuer which may be evidenced by the issuer's credit rating. Bonds which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. However, there is no guarantee of the accuracy of credit ratings.

In the event that any issuer of bonds in which the assets of a Sub-Fund are invested defaults, becomes insolvent or experiences financial or economic difficulties, this may affect the value of the relevant bonds (which may be zero) and any amounts paid on such bonds (which may be zero).

(ix) **Credit Ratings Risk**

The ratings of bonds by recognised rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating on an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated.

In addition, there may be varying degrees of difference in credit risk of bonds within each rating category. In the event of a downgrading in the credit rating of a security or an issuer relating to a security, the value of a Sub-Fund investing in such bond may be adversely affected.

(x) **Counterparty Risks**

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund and settle a transaction in accordance with market practice. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is delayed or prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value of the security, lose income and incur costs associated with its rights attached to the security.

(xi) **Custody Risks**

The Trust may appoint custodians or sub-custodians in local markets for the purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs of investing and holding investments in such markets will be generally higher than in organised securities markets.

(xii) **Hedging**

The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that hedging techniques will achieve their desired result.

(xiii) **Financial Derivative Instruments**

Certain Sub-Funds may invest in financial derivative investments (including but not limited to warrants, interest rate, currency, inflation swaps and other derivatives). Investment in financial derivative investments is subject to additional risks, including liquidity risk, volatility risk, valuation risk, credit risk of the issuers, counterparty risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Funds. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Funds.

(xiv) **Risks Associated with Collateral Management and Re-investment of Cash Collateral**

Where a Sub-Fund enters into an OTC derivative transaction, collateral may be received from or provided to the relevant counterparty.

Notwithstanding that a Sub-Fund may only accept non-cash collateral which is highly liquid, the relevant Sub-Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The relevant Sub-Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Sub-Fund is re-invested, the relevant Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is provided by a Sub-Fund to the relevant counterparty, in the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to

the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Cash collateral received by a Sub-Fund may also be reinvested in order to generate additional income. In this circumstance, the relevant Sub-Fund will be exposed to market risk in respect of any such investments and may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made.

(xv) **Pricing and preliminary expense amortization**

Investors should note that, under IFRS, investments should be valued at fair value and also that, under IFRS, bid and offer pricing is considered to be representative of the fair value of investments. However, for the purpose of calculating the net asset value for subscription and redemption purposes, listed investments are expected to be valued at the last traded price instead of bid and offer pricing as required under IFRS, which may lead to a different valuation had the valuation been performed in accordance with IFRS. It should also be noted that the spread between the last traded price and the bid/offer price is usually higher in the case of investments made in emerging countries/regions and/or in Small and Medium sized companies. In addition, preliminary expenses are to be amortized over a period of first 36 months, which is not in accordance with IFRS. The Manager has considered the impact of such non-compliance and does not expect this issue to affect the results and the calculation of net asset value of the Fund materially. To the extent that the valuation basis adopted by the Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS.

(xvi) **Auditors**

Under the standard terms of the annual engagement letter which the Fund will enter into with the Auditors, the Auditors' liability under such letter is expected be capped based upon a multiple of fees paid to the Auditors under such letter, except to the extent finally determined to have resulted from intentional wrongdoing by the Auditors. Other release and indemnity provisions are also expected to be contained in the annual engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of the Directors, employees or agents of the Fund.

(xvii) **Risk of investing in other collective investment schemes**

Certain Sub-Funds may invest through other collective investment scheme(s) (i.e. underlying funds) either as a feeder fund (where the Sub-Fund only invests in one underlying fund) or fund of funds. Investors should be aware of the specific features of a feeder fund or a fund of funds and the consequences of investing in a feeder fund or a fund of funds.

Further, investment decisions of the underlying funds are made at the level of such underlying funds. The Manager has no ability to control the manner in which the underlying fund managers will make investments. The performance of a Sub-Fund may depend on the investment selection made by the underlying fund managers. No assurance can be given that the strategies employed by the underlying fund managers will be able to achieve the investment objective of the underlying funds or the Sub-Fund or achieve attractive returns.

(xviii) **U.S. Foreign Account Tax Compliance Act ("FATCA") risk**

In the event a Unitholder does not provide the requested information and/or documentation in order for the Fund and Sub-Funds to fulfill the FATCA obligation, whether or not that actually leads to compliance failures by the Fund and the Sub-Funds, or a risk of the Fund or the Sub-Funds being subject to a 30% withholding tax on certain payments received under FATCA, the Manager on behalf of the Fund and Sub-Funds reserves the right to take any action and/or pursue all remedies to the extent permitted by applicable laws and regulations at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US Internal Revenue Service ("IRS") to the extent permitted by applicable laws and regulations; (ii) withholding or deducting from such Unitholder's account to the extent permitted by applicable laws and regulations, as provided under clause 17.4 of the Trust Deed dated October 21, 2009 and/or (iii) giving such Unitholder notice to transfer or realise all his Units in the Fund and Sub-Funds pursuant to clause 10.9 of the Trust Deed dated October 21, 2009. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds. In any event, the Manager shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

Although the Fund and Sub-Funds will attempt to satisfy any obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that the Fund and Sub-Funds will be able to satisfy these obligations. There is also no assurance that a foreign financial institution ("FFI") not complying with FATCA that invests in the Fund and Sub-Funds could not indirectly affect the Fund and Sub-Funds, even if the Fund and Sub-Funds satisfy their FATCA obligations. If the Fund and Sub-Funds become subject to a 30% withholding tax on certain types of income from their U.S. investments (further described under the sub-heading "U.S. FATCA" in the section of "Taxation" of this Explanatory Memorandum) as a result of FATCA, the value of the units held by Unitholders may suffer material loss.

Additional risks in relation to investment in a Sub-Fund which is a feeder fund or a fund of funds shall be disclosed in the relevant Appendix of such Sub-Fund.

(xix) **RMB currency and conversion risk**

Certain Sub-Funds may invest in RMB denominated investments. Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the PBOC. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. Where the Sub-Fund invests in RMB denominated investments, the value of such investments may be affected favourably or unfavourably depending on the changes in exchange rate between RMB and the relevant Class Currency of the Sub-Fund. There can be no assurance that RMB will not be subject to

devaluation. Any devaluation of the RMB could adversely affect the value of the Sub-Fund's investments in RMB denominated investments.

Although offshore RMB (the "**CNH**") and onshore RMB (the "**CNY**") are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact the value of the RMB denominated investments of the Sub-Fund and thus the investors.

(xx) **Risks relating to investing in China A-Shares**

Certain Sub-Funds may invest directly in China A-Shares and are thus, subject to the general market risks generally associated with China A-Shares, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, the business and social conditions in local and global marketplace and issuer-specific factors. Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions. The Chinese government may also implement policies that may affect the financial markets. Market volatility and potential settlement difficulties in the Mainland China market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect the value of each of the relevant Sub-Funds.

(xxi) **Risks associated with Stock Connects**

Certain Sub-Funds may invest through the Stock Connects. In addition to the "Mainland China market risks", "Risks relating to investing in China A-Shares", "RMB currency and conversion risk" and "Mainland China tax risk", each of the relevant Sub-Funds is also subject to the following additional risks:

The Stock Connects enable Hong Kong and overseas investors to directly access eligible SSE Securities and SZSE Securities through Hong Kong brokers. It is subject to regulations promulgated by regulatory authorities and implementation rules (e.g. trading rules) made by the stock exchanges in the Mainland China and Hong Kong.

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 Connects.

It should be noted that the rules and regulations on the Stock Connects are untested and there is no certainty as to how they will be applied, and their application may have retrospective effects. Moreover, the current rules and regulations are subject to change which may be retrospective. There can be no assurance that the Stock Connects will not be abolished. The relevant Sub-Funds investing in the Mainland China markets through the Stock Connects may be adversely affected as a result of such changes.

Quota limitations

The Stock Connects are subject to quota limitations. In particular, once the remaining balance of the Northbound Shanghai Trading Link Daily Quota or the Northbound Shenzhen Trading Link Daily Quota drops to zero or the Northbound Shanghai Trading Link Daily Quota or the Northbound Shenzhen Trading Link Daily Quota is exceeded during the opening call session, new buy orders will be suspended or rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota

balance). Therefore, quota limitations may restrict the relevant Sub-Funds from investing in the eligible securities through the Stock Connects on a timely basis, and the relevant Sub-Funds may not be able to effectively pursue their investment strategies.

Suspension risk

SEHK, SSE and SZSE (as appropriate) reserve the right to suspend Northbound Shanghai Trading Link or Northbound Shenzhen Trading Link and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound Shanghai Trading Link or Northbound Shenzhen Trading Link trading through the Stock Connects is effected, the relevant Sub-Funds' ability to invest in China A-Shares or access the Mainland China market via the Stock Connects (and hence their ability to pursue the investment objective and strategy) will be adversely affected.

Differences in trading day

Stock Connects will only operate on days when both the Mainland China and Hong Kong markets are open for trading. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but Hong Kong investors (such as the relevant Sub-Funds) cannot carry out any SSE Securities and/or SZSE Securities trading via the Stock Connects. The relevant Sub-Funds may be subject to a risk of price fluctuations in SSE Securities and/or SZSE Securities during the time when Stock Connects are not trading as a result.

Operational risk

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects program requires routing of orders across the border. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The relevant Sub-Funds' ability to access the Mainland China market via the Stock Connects (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring

Mainland China regulations require that before an investor sells any security, there should be sufficient securities in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE Securities and/or SZSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Sub-Fund desires to sell certain SSE Securities and/or SZSE Securities it holds, it must transfer those SSE Securities and/or SZSE Securities to the respective accounts

of its broker(s) before the market opens on the day of selling ("**trading day**") unless its broker(s) can otherwise confirm that the relevant Sub-Fund has sufficient SSE Securities and/or SZSE Securities in the respective accounts. If it fails to meet this deadline, it will not be able to sell those securities on the trading day. Because of this requirement, the relevant Sub-Fund may not be able to dispose of its holdings of SSE Securities and/or SZSE Securities via the Stock Connects in a timely manner.

Alternatively, if the relevant Sub-Fund maintains its SSE Securities and/or SZSE Securities with a custodian which is a custodian participant or general clearing participant participating in CCASS, the relevant Sub-Fund may request such custodian to open a special segregated account ("**SPSA**") in CCASS to maintain its holdings in SSE Securities and/or SZSE Securities under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating the Stock Connects system to verify the holdings of an investor such as the relevant Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant Sub-Fund's sell order, the relevant Sub-Fund will only need to transfer SSE Securities and/or SZSE Securities from its SPSA to its broker's account after execution and not before placing the sell order and the relevant Sub-Fund will not be subject to the risk of being unable to dispose of its holdings of SSE Securities and/or SZSE Securities in a timely manner due to failure to transfer SSE Securities and/or SZSE Securities to its brokers in a timely manner.

To the extent a Sub-Fund is unable to utilize the SPSA model, it would have to deliver SSE Securities and/or SZSE Securities to its brokers before the market opens on the trading day. Accordingly, if there are insufficient SSE Securities and/or SZSE Securities in the Sub-Fund's account before the market opens on the trading day, the sell order will be rejected, which may adversely impact its performance.

Recalling of eligible securities

When a security is recalled from the scope of eligible securities for trading via the Stock Connects, the security can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Sub-Funds, for example, when the Manager wishes to purchase a security which is recalled from the scope of eligible securities.

Clearing and settlement risk

The HKSCC and ChinaClear has established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the Mainland Chinese market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding securities and monies from ChinaClear through available legal channels or through

ChinaClear's liquidation. In that event, the relevant Sub-Funds may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Participation in corporate actions and shareholders' meetings

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

Hong Kong and overseas investors (including the relevant Sub-Funds) are holding SSE Securities traded via Shanghai-Hong Kong Stock Connect program or SZSE Securities traded via Shenzhen-Hong Kong Stock Connect program through their brokers or custodians. According to existing Mainland China practice, multiple proxies are not available. Therefore, the relevant Sub-Funds may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities or SZSE Securities.

Risks associated with the ChiNext market and/or STAR Board

The relevant Sub-Funds may invest in the ChiNext market of the SZSE via the Shenzhen-Hong Kong Stock Connect and/or the STAR Board of the SSE via the Shanghai-Hong Kong Stock Connect. Investments in the ChiNext market and/or STAR Board may result in significant losses for the relevant Sub-Funds and their investors. The following additional risks apply:

Higher fluctuation on stock prices and liquidity risk

Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext market and 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 board.

Over-valuation risk

Stocks listed on ChiNext 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 regulations

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

Delisting risk

It may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the relevant Sub-Funds if the companies that they invest in are delisted.

Concentration risk

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

Mainland China tax risk

The following summary of Mainland China taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Mainland China and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Mainland China at the date of this Explanatory Memorandum. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Explanatory Memorandum. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Taxation of the relevant Sub-Funds

By investing in China A-Shares via Stock Connects, the relevant Sub-Funds may be subject to withholding income tax and other taxes imposed in the Mainland China.

*Corporate Income Tax ("**CIT**")*

If the relevant Sub-Funds are considered as a tax resident enterprise of the Mainland China, it will be subject to Mainland China CIT at 25% on its worldwide taxable income. If the relevant Sub-Funds are considered as a non-tax resident enterprise with a permanent establishment ("**PE**") in the Mainland China, the profits attributable to that PE would be subject to CIT at 25%.

A non-Mainland China tax resident enterprise without a PE in Mainland China will generally be subject to Mainland China withholding income tax ("**WIT**") of 10% on its Mainland China sourced income (including dividends, gains arising from transfer of assets, etc.) unless a specific exemption or reduction is available under the current CIT law and regulations or relevant double tax treaties.

The Manager intends to manage and operate the relevant Sub-Funds in such a manner that they should not be treated as a tax resident enterprise of the Mainland China or a non-tax resident enterprise with a PE in the Mainland China for CIT purposes, although this cannot be guaranteed. As such, it is expected that the relevant Sub-Funds would only be subject to Mainland China WIT to the extent the relevant Sub-Funds derive Mainland China sourced income in respect of their investments in China A-Shares, subject to any specific exemption or reduction under the CIT Law and relevant double tax treaty if available.

Dividends

Unless a specific exemption is applicable, non-Mainland China tax residents without

PE in the Mainland China are subject to Mainland China WIT on dividends arising from investments in China A-Shares. The general Mainland China WIT rate applicable is 10% (which may be reduced if tax treaty relief is applicable). The entity distributing such dividends is technically obliged to withhold such tax on behalf of the recipients. It is expected that the dividend received by the relevant Sub-Funds will be net of Mainland China WIT on dividends at standard China WIT rate.

Capital gains

The Ministry of Finance ("**MOF**"), State Administration of Taxation ("**SAT**") and CSRC jointly issued a circular concerning the tax treatment for the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81 – The Circular Concerning the Tax Treatment for the Pilot Programme of the Shanghai-Hong Kong Stock Connect) ("**Circular 81**"), which states that CIT and individual income tax will be temporarily exempt on gains realised by Hong Kong and overseas market investors (including the relevant Sub-Funds) on the trading of China A-Shares through the Shanghai-Hong Kong Stock Connect with effect from 17 November 2014. Separately, the MOF, SAT and CSRC have jointly issued a circular concerning the tax treatment for the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127 – The Circular Concerning the Tax Treatment for the Pilot Programme of the Shenzhen-Hong Kong Stock Connect) ("**Circular 127**") which states that CIT and individual income tax will be temporarily exempt on gains realised by Hong Kong and overseas market investors (including the relevant Sub-Funds) on the trading of China A-Shares through the Shenzhen-Hong Kong Stock Connect with effect from 5 December 2016.

The implication of the above on China A-Shares is that if the relevant Sub-Funds are liable to pay such WIT, there may be an adverse impact on the Net Asset Value of the relevant Sub-Funds.

*Value-added Tax ("**VAT**") and Other Surtaxes*

The MOF and SAT jointly issued "Circular on the Comprehensive Roll-out of the Business Tax to Value Added Tax Transformation Pilot Program Circular" (Caishui [2016] No. 36) ("**Circular 36**") on 24 March 2016, which provides the detailed implementation guidance on the further rollout of the VAT reform to sectors such as construction, real estate, financial services and lifestyle services, as well as modifications to the current VAT rules for transportation services, modern services, postal and telecommunication services. Accordingly, incomes that were subject to business tax are now subject to VAT after Circular 36 became effective on 1 May 2016.

Capital Gain

Based on Circular 36 and Circular 127, gains derived by Hong Kong and overseas market investors (including the relevant Sub-Funds) from the trading of China A-Shares through Shanghai-Hong Kong Stock Connect is exempt from VAT since 1 May 2016 and through Shenzhen-Hong Kong Stock Connect is exempt from VAT since 5 December 2016.

Dividends

Dividends from China A-Shares are not within the charging scope of VAT.

*Stamp Duty ("**SD**")*

SD under the Mainland China laws generally applies to the execution and receipt of all taxable documents listed in the Mainland China's Provisional Rules on SD. SD is levied on the execution or receipt in Mainland China of certain documents, including contracts for the sale of China A-Shares traded on the Mainland China stock exchanges. (From

01 July, 2022, the new SD law will be effective. SD will be levied on the execution of certain SD applicable documents as well as perform securities trading in Mainland China.) In the case of trading China A-Shares, such SD is currently imposed on the seller but not the buyer, at the rate of 0.05%. SD is generally imposed on the trading of the Mainland China-listed shares of Mainland China enterprises at a rate of 0.05% of the sales consideration and will be withheld by the China Securities Depository and Clearing Co., Ltd ("CSDC"). The relevant Sub-Funds will be subject to this tax on each disposal of the China A-Shares.

According to Circular 127, the borrowing and return of shares in relation to shares guarantee and short-selling by Hong Kong market investors through the Stock Connects are exempt from SD with effect from 5 December 2016.

General

Various tax reform policies have been implemented by the Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Sub-Funds. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Investors should note that the tax exemptions on gains derived by Hong Kong and overseas investors (including the relevant Sub-Funds) from trading of China A-Shares under Circular 81 and Circular 127 were granted on a temporary basis and there is no assurance that the relevant Sub-Funds will continue to enjoy the tax exemption over a long period of time. Any changes in tax policies may reduce the after-tax profits of the companies in the Mainland China which they invest in, thereby reducing the income from, and/or value of the Units.

The Manager may make provisions in respect of the relevant Sub-Funds for the Mainland China tax obligations. As of the date of this Explanatory Memorandum, based on professional and independent tax advice as well as the current market practice, the Manager does not intend to make provision for (i) any Mainland China CIT in respect of realised and unrealised capital gain derived from the trading of China A-Shares; and (ii) any Mainland China VAT in respect of realised and unrealised capital gain derived from the trading of China A-Shares. The implication of the above tax provision policy is that if the relevant Sub-Funds are liable to pay such WIT or VAT, there may be an adverse impact on the Net Asset Value of the relevant Sub-Funds. Should the Mainland China tax authorities decide to levy tax on gains derived from the trading of China A-Shares in the future, the Manager would seek to apply with the Mainland China tax authorities to treat the relevant Sub-Funds as Hong Kong tax resident and rely on the capital gain tax exemption (to the extent the relevant treaty conditions can be satisfied) accorded under the double tax treaty between Mainland China and Hong Kong, although this cannot be guaranteed.

The Manager reserves the right to change the Mainland China tax provision policy in response to changes in Mainland China tax law and practices. Should there be a change to the Mainland China tax provision policy in respect of the relevant Sub-Funds, the Manager will notify Unitholders accordingly. If the Manager decides to make tax provision in the future, the provisions made by the Manager may be excessive or inadequate to meet the actual tax liabilities. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the actual tax liabilities may be lower than the tax provisions made and any sums withheld in excess of the tax liability incurred or is expected to be incurred by the relevant Sub-Funds shall be released and transferred to the relevant Sub-Funds' accounts forming part of the relevant Sub-Funds' assets. In

case of any shortfall between the provisions and actual tax liabilities, which will be debited from the relevant Sub-Funds' assets, the relevant Sub-Funds' asset value will be adversely affected. 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).

(xxii) **Risks associated with investment in the China Interbank Bond Market through Bond Connect**

Some Sub-Funds may invest through Bond Connect in eligible bonds traded on the China Interbank Bond Market, which exposes the relevant Sub-Funds to other risks including but not limited to:

Suspension Risk

It is contemplated that the Mainland Chinese authorities will reserve the right to suspend Northbound trading of Bond Connect if necessary for ensuring an orderly and fair market and that risks are managed prudently. Where a suspension in the Northbound trading through Bond Connect is effected, the relevant Sub-Funds' ability to access the Mainland China bond market to achieve their investment objectives will be adversely affected.

Differences in Trading Day

Northbound trading through Bond Connect is able to be undertaken on days upon which the China Interbank Bond Market is open to trade, regardless of whether they are a public holiday in Hong Kong. Accordingly, it is possible that bonds traded through Bond Connect may be subject to fluctuation at times where the relevant Sub-Funds are unable to buy or sell bonds, as its Hong Kong or globally-based intermediaries are not available to assist with trades. Accordingly, this may cause the relevant Sub-Funds to be unable to realise gains, avoid losses or to benefit from an opportunity to invest in Mainland Chinese bonds at an attractive price.

Operational Risk

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

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

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

Regulatory risk

Bond Connect is novel in nature and will be subject to regulations promulgated by regulatory authorities and implementation rules made by regulators in Mainland China

and Hong Kong. It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have retrospective effect. There can be no assurance that Bond Connect will not be abolished. The relevant Sub-Funds may be adversely affected as a result of regulatory changes.

Taxation risk

In accordance with Caishui [2018] No. 108 issued by the Ministry of Finance and Announcement No.34, 2021 issued by the Ministry of Finance and State Administration of Taxation, bond interest income derived by foreign institutional investors from investments in Mainland China onshore bond market will be temporarily exempted from Corporate Income Tax and Value-Added Tax for the period from 7 November 2018 to 31 December 2025. The exemption policy is only applicable to bond interest but for the interest of other bond-like product which could also be invested through Bond Connect such as Asset Backed Security ("ABS"), whether the interest could be exempted from VAT & CIT remains uncertain. Accordingly, no Corporate Income Tax and Value-Added Tax will be withheld on interest income derived from such investments during the captioned period. Tax withheld on interest income prior to the commencement of the above exemption will continue to remain accrued until further guidance is issued by the Mainland China tax authorities.

(xxiii) **Sustainable investment risk**

The Manager and/or the Investment Delegate(s) (if any) consider the principal adverse impact of investment decisions on Sustainability Factors when making investments on behalf of certain Sub-Funds. In managing such Sub-Funds and in selecting the assets which such Sub-Funds shall invest in, the Manager and/or the Investment Delegate(s) (if any) apply Amundi's Responsible Investment Policy.

Certain Sub-Funds may have an investment universe that focuses on investments in companies that meet specific criteria including ESG scores and demonstrate adherence to environmental, social and corporate governance practices. Accordingly, the universe of investments of such Sub-Funds may be smaller than that of other funds. Such Sub-Funds may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other funds that do not utilize ESG criteria when selecting investments and/or could cause the Sub-Fund to sell for ESG related concerns investments that both are performing and subsequently perform well.

Exclusion or disposal of securities of issuers that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a responsible investment policy and that do not apply ESG screening criteria when selecting investments.

Certain Sub-Funds will vote proxies in a manner that is consistent with the relevant ESG exclusionary criteria, which may not always be consistent with maximising the short-term performance of the relevant issuer. Further information relating to Amundi's ESG voting policy may be found in the Amundi's Responsible Investment Policy available at www.amundi.com.hk. This website has not been reviewed by the Securities and Futures Commission.

There is a lack of standardised taxonomy in ESG evaluation methodologies and the way in which different funds that use ESG criteria will apply such criteria may vary. The Manager and/or the Investment Delegate(s) (if any) will use their own methodologies, involving its subjective judgment, in analysing and evaluating the ESG scoring of a security or its issuer. There is a risk that the Manager and/or the Investment Delegate(s)

(if any) may not apply the relevant green criteria correctly or that a Sub-Fund may have indirect exposure to issuers who do not meet the relevant ESG criteria used by the Sub-Fund.

The selection of assets may rely on a proprietary ESG scoring process that relies partially on third party data. Data provided by third parties may be incomplete, inaccurate or unavailable and as a result, there is a risk that the Manager and/or the Investment Delegate(s) (if any) may incorrectly assess a security or issuer.

The securities held by a Sub-Fund may be subject to style drift which no longer meet the Sub-Fund's ESG criteria after the Sub-Fund's investments. The Manager and/or the Investment Delegate(s) (if any) might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a fall in the Sub-Fund's Net Asset Value.

(xxiv) **Severe weather conditions**

From 23 September 2024, on any day on which severe weather conditions persist (i.e. Typhoon Signal No. 8 or above is hoisted, or Black Rainstorm Warning is issued by the Hong Kong Observatory, or a situation of "Extreme Conditions" is announced by the Hong Kong Government), trading, clearing and settlement services and operations will continue in both the securities and derivatives markets in Hong Kong, and the Stock Exchange of Hong Kong will maintain normal operations to the furthest extent possible.

Accordingly, on each such day which is a Dealing Day, it is intended that the dealing of each Sub-Fund of the Fund will be conducted, pursuant to the terms and procedures set out in this Explanatory Memorandum.

The implementation of trading and dealing of Units of a Sub-Fund under such conditions will depend on the operational support of its service providers. Although system testing has been performed, and contingency plans have been developed, there is a possibility of extreme events (e.g. temporary power outages or the suspension of electronic money transfer channels) that may impact the operations of the service providers of the relevant Sub-Fund and they may not be able to operate, or to operate at the normal level.

While the Manager, the Trustee and other service providers of the relevant Sub-Fund will take appropriate measures to ensure normal operations as far as possible to facilitate dealing in different classes of Units, investors should note that their ability to deal will also depend on the availability of the services of their own service providers. Investors should check with their authorised distributors whether dealing is offered through them, on a day on which severe weather conditions persist. These service providers are independent of the Manager, and it cannot be guaranteed that their services will not be disrupted under such conditions.

(xxv) Swing pricing risk

Investors should note that the application of swing pricing may result in the Net Asset Value per Unit being higher or lower than it would otherwise have been without the application of such mechanism. As a result, investors subscribing for, or realising Units from, the relevant Sub-Fund on a Dealing Day on which swing pricing is applied may receive a less favourable price than would otherwise be the case. Accordingly, investors may bear a greater portion of the transaction costs associated with their own trading activity.

Investors should note that the application of the swing pricing mechanism may cause the volatility of the relevant Sub-Fund's Net Asset Value to differ from the relevant Sub-

Fund's underlying portfolio performance. In general, the Net Asset Value per Unit will be increased where the relevant Sub-Fund experiences net inflows and decreased where the relevant Sub-Fund experiences net outflows. Although the Net Asset Value per Unit of each Class of Units in the relevant Sub-Fund will be calculated separately, any adjustment applied will, in percentage terms, affect the Net Asset Value per Unit of each Class of Units in the relevant Sub-Fund equally.

The decision to apply swing pricing, and the level of any adjustment, will generally be made at the discretion of the Manager in accordance with the applicable swing pricing policy. There can be no assurance that swing pricing will fully eliminate dilution or prevent all adverse effects on the relevant Sub-Fund or its investors. The estimation of transaction costs and the application of any adjustment may also involve judgment and may not always accurately reflect actual market conditions or dealing costs.

POTENTIAL INVESTORS SHOULD READ THIS EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE UNITS

EXPENSES AND CHARGES

Management Fee

The Manager is entitled to receive an annual management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the Net Asset Value of each class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix for the relevant Sub-Fund subject to a maximum fee of 2.5% per annum.

The Manager shall pay the fees of any Investment Delegate(s) to which it had delegated management functions. Any such Investment Delegate(s) will not receive any remuneration directly from any Sub-Fund.

The Manager will give one month's prior notice to Unitholders should there be any increase of the management fee from the current level to the maximum level.

Please also refer to the Appendix for the relevant Sub-Fund for further fees payable to the Manager from a Sub-Fund (if any).

Trustee Fee

The annual remuneration of the Trustee, which is payable out of the assets of each Sub-Fund is based on the Net Asset Value of the relevant Sub-Fund at the rate set out in relevant Appendix for the Sub-Fund subject to a maximum fee of 1% per annum, and, if applicable, an annual minimum fee as set out in relevant Appendix for the Sub-Fund. The Trustee's fee is accrued daily and is payable monthly in arrears.

Where the Trustee acts as the registrar to any of the Sub-Fund, it is entitled to an annual maintenance fee to be payable out of the relevant Sub-Fund's assets, as disclosed in the relevant Appendix.

The Trustee is also entitled to be reimbursed for all out-of-pocket expenses incurred by it on behalf of the Sub-Fund subject to such a minimum sum of HKD3,500 per annum. The Trustee is also entitled to be reimbursed of the initial start up fee of USD5,000 for the Fund and the initial Sub-Fund and for any further fee and/or expenses incurred for the establishment of any additional Sub-Funds as disclosed in the relevant Appendix. Certain other transactions charges may be paid at the Trustee's normal rates.

The Manager will give one month's prior notice to Unitholders should there be any increase of the Trustee's fee from the current level up to the maximum level.

General Expenses

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated amongst the Sub-Funds in proportion to the respective Net Asset Value of all the Sub-Funds. The establishment costs of the Fund and the initial Sub-Fund in Hong Kong, the costs incurred in connection with the preparation and execution of the Trust Deed, the preparation of this Explanatory Memorandum and the Application Form, the relevant Appendix and all initial legal and printing costs have been paid out of the assets of the initial Sub-Fund and amortised over the first three financial years from the close of the Initial Offer Period of the initial Sub-Fund. The costs of establishment of each subsequent Sub-Fund will be borne by the relevant Sub-Fund and amortised over such period as the Manager may determine and as described in the Appendix for the relevant Sub-Fund. If any Sub-Fund is terminated prior to the expenses being fully amortised, such unamortised amount will be borne by the relevant Sub-Fund before its termination. Investors should be aware that amortisation of preliminary expenses over a period of certain number of years is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the initial Sub-Fund.

The ongoing costs, fees and expenses that a Sub-Fund will bear include but are not limited to the costs of investing and realising the investments, the fees and expenses of custodian of the assets of the Sub-Fund, custodian transaction fees, registrar transaction fees, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any financial statement and offering memorandum.

For so long as the Fund and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

Cash Rebates and Soft Commissions

Neither the Manager, the Investment Delegate(s) (if any), nor any of their Connected Persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft commissions) may be retained if, such goods and services are of demonstrable benefit to the Unitholders, the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates, and the availability of soft commission arrangements is not the sole or primary purpose to perform or arrange transaction with such brokers or dealers. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions will be disclosed in the annual and semi-annual reports of the relevant Sub-Fund in compliance with the Code on Unit Trusts and Mutual Funds.

The Manager, the Investment Delegate(s) (if any) and/or any of their Connected Persons reserves the right to effect transactions by or through the agency of another person with whom the Manager, the Investment Delegate(s) (if any) and/or of their Connected Persons has an arrangement under which that party will from time to time provide to or procure for the Manager, the Investment Delegate(s) (if any) and/or any of their Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the relevant Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager, the Investment Delegate(s) (if any) and/or any of their Connected Persons in providing services to the relevant Sub-Fund and for which no direct payment is made but

instead the Manager, the Investment Delegate(s) (if any) and/or any of their Connected Persons undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and realisation of Units by him under the laws of the places of his citizenship, residence and domicile.

Hong Kong

The Fund / Sub-Fund(s)

(a) *Profits Tax:*

Under the current law and practice in Hong Kong, during such time as the Fund / the Sub-Fund(s) remains authorised as a collective investment scheme by the SFC under Section 104 of the SFO, the profits of the Fund / the Sub-Fund(s) is exempt from Hong Kong Profits Tax.

(b) *Stamp Duty:*

Hong Kong Stamp Duty is ordinarily payable on the sale and purchase or other transfer of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. If the Fund / Sub-Fund(s) does not invest in Hong Kong stock, then the Fund / Sub-Fund(s) should not be subject to Hong Kong Stamp Duty.

The Unitholders

(a) *Profits Tax:*

Unitholders should not be subject to any Hong Kong Profits Tax on distributions by the Fund / Sub-Fund(s) in accordance with the current law and practice in Hong Kong.

Hong Kong Profits Tax, which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business, will arise on any gains or profits made on the sale, redemption or other disposal of the units where such transactions form part of a trade, profession or business carried on by unitholders in Hong Kong and such units are not capital assets to unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

There is no withholding tax on dividends and interest in Hong Kong.

(b) *Stamp Duty:*

Hong Kong Stamp Duty is ordinarily payable on the sale and purchase or other transfer of Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. Units are regarded as "Hong Kong stock" for these purposes.

No Hong Kong Stamp Duty is payable by unitholders on the subscription for units or on the redemption of units when the units are extinguished upon redemption.

In addition, no Hong Kong Stamp Duty is payable on the sale or other transfer of units to the Manager who subsequently re-sells the units within two months thereof.

Other types of sales or purchases or transfers of the units by unitholders should be liable to Hong Kong Stamp Duty of 0.1% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of units.

U.S. FATCA:

The U.S. Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act aims to reinforce the fight against U.S. tax avoidance by the "U.S. Persons"† holding accounts in foreign countries. Pursuant to FATCA, any non-U.S. financial institution (foreign financial institution or "FFI"), e.g. banks, management companies, investment funds etc., either has certain reporting obligations with respect to certain incomes of U.S. Persons or is required to withhold tax at the rate of 30 per cent on (i) certain U.S. source income (including, among other types of income, dividends and interests), (ii) gross proceeds from the sale or disposition of assets of a type that produce U.S. sourced dividend or interest, (iii) foreign passthru payments made to certain FFIs, that do not comply with FATCA and to any investor (unless otherwise exempt from FATCA) that does not provide identification information with respect interests maintained by a participating FFI, subject to forthcoming clarification and additional guidance by the IRS. Otherwise the non-compliant FFIs will be subject to a 30% withholding tax on relevant US-sourced payments to them.

Hong Kong and the US signed a "Model 2" intergovernmental agreement ("**Model 2 IGA**") on 13 November 2014, and according to the terms of the Model 2 IGA, Hong-Kong FFIs are required to register with the IRS by July 1, 2014 at the latest, and agree to comply with the requirements of an FFI Agreement, including with respect to due diligence, reporting, and withholding to be qualified as a "Reporting Model 2 FFI". It is expected that Hong Kong FFIs will not, under certain circumstances, be subject to the above described withholding under FATCA. As of the date hereof, the Fund and/or Sub-Funds is registered with the FATCA status of Reporting Model 2 FFI.

Therefore, investors shall acknowledge that:

(i) the Fund and Sub-Funds (or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf) are required to determine the FATCA status of each holder of an account maintained by them and to identify each account that is a U.S. account, non-U.S. account, account held by a recalcitrant account holder, or account held by a non-participating FFI ("NPFFI"). If the Fund and Sub-Funds (or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf) are unable to reliably associate valid documentation with an account holder to determine the FATCA status of such account holder under such required procedures, they must apply the presumption rules of section 3.04 as provided under the FFI Agreement to treat the account holder as a non-consenting account or a NPFFI;

(ii) in subscribing to the units or holding units of the Fund and Sub-Funds, the investors recognize that their personal data can be requested, registered, kept, transferred, treated and analysed by the Fund and Sub-Funds (or by any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf)

† *"U.S. Person" under the U.S. Internal Revenue Code means* a U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof; or a trust if one or more U.S. Persons have the authority to control all substantial decisions of the trust and a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding the administration of the trust, or an estate of a decedent that is a citizen or resident of the United States.

and exchanged for the purposes of the FATCA legislation and will provide the Fund and Sub-Funds (or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf) an express consent for it to proceed with the FATCA obligations, to transfer the personal data required to be exchanged under the FATCA legislation and Model 2 IGA when the investor meets the conditions for being considered as having a US account in the Fund and/or Sub-Funds under the meaning of FATCA, or being an NPFFI;

(iii) with respect to a new account, to provide the Fund and Sub-Funds, the Manager, the Trustee and Registrar, or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf, as a condition of account opening, the consent required under Hong Kong legal principles (such as, for instance the Personal Data (Privacy) Ordinance) in order for the Fund and Sub-Funds (or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf) to report the account as required under FATCA legislation and Model 2 IGA. If the consent is not provided by the investor, the Fund and Sub-Funds must refuse the opening;

(iv) If such a consent is not provided to the Fund, Sub-Funds, the Manager, the Trustee and Registrar, or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf, the investor acknowledges that the Fund and Sub-Funds may treat the investor as a non-consenting U.S. account, report the account in an aggregated way (i.e. a report of certain aggregate information) and may have, under some circumstances, to withhold a 30% tax on withholdable payment made to this non-consenting U.S. account;

(v) the Fund and Sub-Funds (or any entity appointed by the Fund and Sub-Funds to proceed with the FATCA obligations on their behalf) might be required (in particular if and when withholding would apply on "Foreign Passthru Payments") to withhold on certain payments, to the extent permitted by applicable laws and regulations, made to the investor qualifying as NPFFI; the Fund, Sub-Funds and/or the Manager in taking any such action shall act in good faith and on reasonable grounds; and

(vi) in order to avoid the potential future issue that could arise from the "Foreign Passthru payment" mechanism that could apply as from 2019, January 1st and prevent any withholding tax on such payments, the Fund, Sub-Funds, the Manager, or their delegated entity reserves the right to prohibit for sale of the units or shares, as from this date, to any NPFFI, particularly whenever it is considered legitimate and justified by the protection of the general interests of the investors in the Fund and Sub-Funds.

The foregoing does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding Units of the Fund and/or Sub-Funds or tax advice. Each investor should consult its own professional advisors on the possible tax and other consequences of buying, holding, selling or redeeming Units under the laws of the jurisdictions to which it is subject, including with regard to the applicability of FATCA and any other reporting and withholding regime to their investments in the Fund and Sub-Funds.

Automatic Exchange of Financial Account Information ("AEOI"):

The Organisation for Economic Cooperation and Development ("**OECD**") released in July 2014 the AEOI, calling on governments to collect from financial institutions ("**FIs**") financial account information of overseas tax residents and exchange the information with jurisdictions of residence of the relevant account holders on an annual basis. Hong Kong indicated in the Global Forum on Transparency and Exchange of Information for Tax Purposes in September

2014 its commitment for implementing AEOI, with a view to commencing the first information exchanges by the end of 2018.

Under the OECD standard for AEOI (comprising among others, model Competent Authority Agreement ("**CAA**") and Common Reporting Standard ("**CRS**")), an FI is required to conduct due diligence procedures, so as to identify reportable accounts held by tax residents of reportable jurisdictions (i.e. in the context of Hong Kong, non-Hong Kong tax residents who are liable to tax by reason of residence in the AEOI partner jurisdictions with which Hong Kong has entered into an AEOI arrangement), and collect the reportable information in respect of these relevant accounts. FIs are also required to report such information to the tax authority in a specified format. Upon receipt of the information from FIs, the tax authority will exchange the relevant information with their counterparts in the reportable jurisdictions concerned on an annual basis.

To provide a legislative framework for the implementation of AEOI in Hong Kong, the Inland Revenue (Amendment) (No. 3) Ordinance 2016 was gazetted on 30 June 2016 to amend the Inland Revenue Ordinance (Cap. 112) ("**IRO**") to incorporate the essential requirements of the AEOI standard, namely key provisions of CAA and due diligence requirements as laid down in CRS. In addition, the Hong Kong Inland Revenue Department ("**IRD**") published guidance for FIs to assist them in complying with the CRS obligations on 9 September 2016. On 1 March 2019, the Inland Revenue (Amendment) (No. 2) Ordinance 2019 was gazetted to refine the IRO with respect to the legislative framework of AEOI and expand Hong Kong's network for tax information exchange.

Under the IRO and the guidance published, details of the Unitholders (i.e. financial account holders), including but not limited to their name, date and place of birth, address, jurisdiction of tax residence, tax identification number, account details, account balance/value and income/sale or redemption proceeds may be reported to the IRD, which will as a matter of course exchange the same with the competent authority of the relevant reportable jurisdiction(s).

Unitholders and prospective investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the AEOI.

FINANCIAL REPORTS

The Fund's financial year end is 31 December with the first such financial year ending on 31 December 2010, and the first financial year end of a Sub-Fund for which the first financial reports have not been published is specified in the relevant Appendix. Copies of the audited annual reports will be made available to Unitholders as soon as possible and in any event within four months, after the end of the financial year. The unaudited semi-annual reports will be made available to Unitholders within two months after 30 June in each year. The audited annual report and unaudited semi-annual report are available in English only.

The audited annual reports and unaudited semi-annual reports will be made available to investors (in English only) within the relevant timeframe on http://www.amundi.com.hk (Please note that this website has not been reviewed by the SFC), and printed copies of the financial reports will also be available at the offices of the Manager upon request.

DISTRIBUTION OF INCOME

The Manager has discretion as to whether or not to make any distribution and as to the frequency and amount of distributions. Unless otherwise disclosed in the relevant Appendix, the Manager shall not make any distribution of income or net capital gains realised on the sale

of investments, and income, if any, and net capital gains, if any, in respect of the Fund or any Sub-Fund shall be accumulated and capitalised.

MEETING OF UNITHOLDERS AND VOTING RIGHTS

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. For so long as the Fund is authorised by the SFC, all extraordinary resolution(s) put to vote in a meeting shall be decided on a poll.

PUBLICATION OF PRICES

Unless otherwise disclosed in the Appendix of the relevant Sub-Fund, the Net Asset Value per Unit of each class of a Sub-Fund on each Valuation Day will be published at http://www.amundi.com.hk/retail in English and http://www.amundi.com.hk/zh_retail in Chinese. This website has not been reviewed by the SFC.

TRANSFER OF UNITS

Subject as provided below and prior approval from the Manager, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding (if any) of the relevant class as set out in the section headed “Minimum Subscription, Minimum Holding, Minimum Subsequent Subscription and Minimum Realisation” above and in the relevant Appendix.

COMPULSORY REALISATION OR TRANSFER OF UNITS

The Manager or the Trustee may require a Unitholder to transfer the Unitholder's Units or, failing such transfer, may realise such units in accordance with the Trust Deed if it shall come to the notice of the Manager or the Trustee that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant)

which, in the opinion of the Manager or the Trustee, might result in the Fund and/or any Sub-Fund in relation to such class of Units incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund or the Sub-Fund might not otherwise have incurred or suffered.

SECURITIES FINANCING TRANSACTIONS

Unless specifically provided in the Appendix of a Sub-Fund, the Manager will not engage in securities financing transactions in respect of any Sub-Fund.

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 21 October, 2009 made between Amundi Hong Kong Limited (formerly known as Crédit Agricole Asset Management Hong Kong Limited) as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Manager and the Trustee such modification (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any liability to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges which will be payable out of the assets of the Sub-Fund or (ii) is necessary in order to comply with any fiscal, statutory, regulatory or official requirement or (iii) is made to correct a manifest error. In all other cases modifications involving any material changes require the sanction of an extraordinary resolution of Unitholders where the interests of the Unitholders as a whole is affected or the extraordinary resolution of a particular class of Units where only the interests of the Unitholders of such class are affected.

Copies of the Trust Deed as for the time being in force may be obtained from the Manager at a reasonable fee and may be inspected during normal working hours at the offices of the Manager free of charge.

REMOVAL AND RETIREMENT OF TRUSTEE AND MANAGER

Subject to the approval of the SFC, the Trustee may not retire voluntarily except upon the appointment of a new Trustee. In the event of the Trustee desiring to retire, the Manager shall find a qualified corporation and by a supplemental deed to replace the Trustee. The Manager shall as soon as practicable thereafter give notice to the Unitholders specifying the name and the address of the new Trustee.

Subject to the approval of the SFC (if necessary), the Manager may be subject to removal by written notice by the Trustee if (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee), becomes bankrupt or if a receiver is appointed over any of its assets, (b) for good and sufficient reason the Trustee is of the opinion that a change of Manager is desirable in the interests of the Unitholders, (c) the Unitholders of not less than 50% in value of the Units for the time being outstanding deliver to the Trustee in writing a request that the Manager should retire or (d) the SFC withdraws its approval of the Manager.

In the event that the Manager is removed under the circumstances above, the Trustee shall as soon as reasonably practicable appoint a successor manager to replace the Manager. The Trustee shall at all times act in the best interest of the Unitholders in exercising its rights of removing the Manager and the appointment of a successor manager must be approved by the SFC.

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee on notice in writing, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders, (a) if in the opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of the Unitholders or (b) if the Manager goes into liquidation or if a receiver is appointed over any of their assets and not discharged within 60 days or (c) within 30 days of the Manager leaving office, no new manager is appointed or (d) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund.

The Fund and/or any of the Sub-Funds or the class of Units of a Sub-Fund may be terminated by the Manager on notice in writing if (a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than USD80 million or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding thereunder shall be less than such amount as disclosed in the relevant notice of establishment of the relevant sub-fund (which will also be disclosed in the Appendix for that Sub-Fund) or (b) in the opinion of the Manager, it is impracticable or inadvisable to continue a Sub-Fund and/or any class of Units of a Sub-Fund (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Sub- Fund) or (c) any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (SFC in Hong Kong) to continue the Fund or a Sub-Fund. In cases of termination on notice, no less than one month’s notice will be given to Unitholders.

Further, the Sub-Fund or a class or classes of the Sub-Fund may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant class or classes (as the case may be).

Any unclaimed proceeds or other cash held by the Trustee upon termination of the Fund, a Sub-Fund or a class of Units, as the case may be, may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Manager’s and Trustee's responsibility for the prevention of money laundering, the Manager and the Trustee may require a detailed verification of an investor's identity and the source of payment of application monies. Depending on the circumstances of each application, a detailed verification might not be required where:-

(a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country/region recognised as having sufficient anti-money laundering regulations. The Manager and Trustee nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager or the Trustee may refuse to accept the application and the subscription monies relating thereto and refuse to pay any redemption proceeds if an applicant for Units delays in producing or fails to produce any information required for the purposes of verification of identity or source of fund.

CONFLICTS OF INTEREST AND TRANSACTION WITH CONNECTED PERSONS

The Manager, the Investment Delegate(s) (if any) and the Trustee and their respective Connected Persons may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to a Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the relevant Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly, taking into account the interests of the Unitholders of the relevant Sub-Fund as a whole. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

In transacting with brokers or dealers connected to the Manager, the Investment Delegate(s) (if any), the Trustee or any of their Connected Persons, the Manager must ensure that:

(a) such transactions are on arm's length terms;

(b) it uses due care in the selection of such brokers or dealers and ensures that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) it monitors such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Fund and/or the relevant Sub-Fund.

Cash forming part of the property of a Sub-Fund may be placed as deposits with the Trustee, the Manager, the Investment Delegate(s) (if any) or with any Connected Persons of these companies (being an institution licensed to accept deposits) as long as such cash deposit shall be maintained in a manner that is in the best interests of Unitholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business.

Money can be borrowed from the Trustee, the Manager, the Investment Delegate(s) (if any) or any of their Connected Persons (being a bank) so long as that bank charges interest at no higher rate, and any fee for arranging, repaying or terminating the loan is of no greater amount than is in accordance with its normal banking practice, the commercial rate for a loan of a similar size, nature and duration of the loan in question negotiated at arm's length.

Any transactions for the account of a Sub-Fund with the Manager, the Investment Delegate(s) (if any) or any of its Connected Persons as principal may only be made with the prior written consent of the Trustee and such transactions shall be on an arm's length basis. All such transactions will be disclosed in the annual report of the Fund and/or the relevant Sub-Fund. All transactions carried out or on behalf of the Fund for the account of a Sub-Fund must be at arm's length, executed on the best available terms and in the best interests of Unitholders.

The Manager may from time to time for the account of a Sub-Fund, with prior consent of the Trustee, enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of investments upon such terms in all respects as it shall think fit subject always to the provisions of the Trust Deed and provided that no such contract for the account of a Sub-Fund shall relate to an investment which if acquired would constitute a holding for the account of such Sub-Fund in excess of the permitted limits. All commissions and fees payable to the Manager under such contracts, and all investments acquired pursuant to such contracts, will form part of the Sub-Fund's assets.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager and copies thereof may be obtained from the Manager at their respective addresses stated under the section headed "Directory" of this Explanatory Memorandum on application upon payment of a reasonable fee:-

(a) the Trust Deed, and any supplemental deeds; and

(b) the latest financial reports of the Fund.

FURTHER INFORMATION

Unitholders may contact Amundi Hong Kong Limited, the Manager, for any queries or complaints in relation to the Fund and its Sub-Funds. To contact the Manager, unitholders may either:

- write to the Manager (address at Suites 04-06, 32nd Floor, Two Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong); or
- call the Manager's Customer Service Hotline: 2521 4231.

The Manager will respond to any enquiry or complaint within one month.

APPENDIX 1

AMUNDI HK - DEFENSIVE BALANCED FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;
"CAD"	means Canadian Dollar, the official currency of Canada;
"Class Currency"	Classic: USD, HKD, RMB, AUD (hedged), CAD (hedged), EUR (hedged), GBP (hedged), NZD (hedged), RMB (hedged); and Class Institutional I/II/III: USD;
"Class Category"	Classic classes can be either accumulation or distribution. Only accumulation units are available for Institutional classes;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"Initial Offer Period"	in relation to Units of Class Institutional and Class Classic, means the Dealing Day on which the application for Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following classes of Units, means - - Class Classic USD – USD 10 - Class Classic HKD – HKD 10 - Class Classic RMB – RMB 10 - Class Classic AUD (hedged) – AUD 10 - Class Classic CAD (hedged) – CAD10 - Class Classic EUR (hedged) – EUR10 - Class Classic GBP (hedged) – GBP10 - Class Classic NZD (hedged) – NZD10

- Class Classic RMB (hedged) – RMB 10
- Class Institutional I – USD 10
- Class Institutional II – USD 10
- Class Institutional III – USD 10

(or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);

"NZD"	means New Zealand dollar, the lawful currency of New Zealand;
"Sub-Fund"	Amundi HK - Defensive Balanced Fund;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund:

- Class Classic USD – Accumulation;
- Class Classic USD – Distribution;
- Class Classic HKD – Distribution;
- Class Classic RMB – Accumulation;
- Class Classic RMB – Distribution;
- Class Classic AUD (hedged) – Distribution;
- Class Classic CAD (hedged) – Distribution
- Class Classic EUR (hedged) – Distribution
- Class Classic GBP (hedged) – Distribution;
- Class Classic NZD (hedged) – Distribution
- Class Classic RMB (hedged) – Accumulation;
- Class Classic RMB (hedged) – Distribution;
- Class Institutional I – Accumulation;
- Class Institutional II – Accumulation; and
- Class Institutional III – Accumulation.

The Manager has the discretion to establish new classes of Units from time to time.

The Sub-Fund has received approval from the China Securities Regulatory Commission for offering to investors in the Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager has / will establish new classes of units from time to time specifically for Mainland distribution (will not be offered to Hong Kong investors) and the details of these new classes of units shall be found in the Mainland covering document which is available for Mainland investors only.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to achieve moderate long term capital growth through an actively managed portfolio of global equities, bonds and cash, while aiming to achieve preservation of capital in the near to medium term. It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

Investment strategy

The Sub-Fund will invest 20% to 40% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in bonds, currencies and cash.

The Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Bond positions will be actively managed to provide income and may help moderate overall portfolio volatility. The Sub-Fund may invest up to 20% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in Mainland China's onshore bond market through Bond Connect.

The Sub-Fund may invest in LAP, for example, contingent convertible debt securities, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAP will be less than 30% of its Net Asset Value.

The Sub-Fund may invest up to 10% of its Net Asset Value in commodities (including gold) indirectly through commodity-linked notes, exchange traded commodities, exchange traded funds and/or other similar instruments.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for hedging, efficient portfolio management or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Stock Connects

Please refer to the section "Stock Connects" in this Explanatory Memorandum for further details.

Bond Connect

Please refer to the section "Bond Connect" in this Explanatory Memorandum for further details.

Risks involved

Through its investments in global fixed-income, equity and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, and political, economic and social risks. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risk attached to use of derivatives

The Sub-Fund may acquire derivatives for hedging, efficient portfolio management or investment purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss

significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/efficient portfolio management/investment and the Sub-Fund may suffer losses.

Risks relating to Distribution Policy

For distribution classes, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the Class Currency of the hedged unit classes and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

In addition, returns to investors will vary from year to year depending on the dividend income and capital returns generated by the underlying investments.

RMB classes related risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. Accordingly, the investment in RMB classes of the Sub-Fund may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. As such, in case of sizable redemption requests for the RMB classes are received, the Manager has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the Sub-Fund for settlement purpose. In any event, for proper redemption requests received before the Dealing Deadline, realisation proceed will be paid no later than one calendar month after the relevant Dealing Day when the redemption requests were received.

For “non-hedged” RMB classes, since the unit prices of RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the Base Currency more than the increase in the value of the underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the Base Currency, and the value of the underlying investments decreased, the value of investors’ investments in RMB classes may suffer additional losses.

For hedged RMB classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors will still be subject to the related risk for “non-hedged” RMB classes mentioned above. Hedged RMB classes will hedge the Sub-Fund’s Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB classes to that of the equivalent class denominated in the Sub-Fund’s Base Currency. This strategy will limit the hedged RMB classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please also refer to the “Hedging Risk” section below for details.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the “CNH”) will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the “CNY”) and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors’ investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

Hedging Risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund’s Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund’s Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager is also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund’s Base Currency.

Early Termination Risk

The Sub-Fund may be terminated in certain circumstances which are summarised under the section headed “Termination of the Fund or any Sub-Fund” in the Explanatory Memorandum.

In the event of the early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Units that had not yet become fully amortized may be debited against the capital of the Sub-Fund at that time.

Risks associated with investments in LAP

LAP are subject to greater 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 (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events 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. LAP may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price) or may be subject to the permanent write-down to zero. 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.

Risks of investing indirectly in commodities

The Sub-Fund may invest in exchange traded commodities ("**ETCs**") which are commodities linked securities or instruments traded on regulated market. ETCs track the performance of an underlying commodity, commodity future or commodity index, and offers investors quick, cost effective and transparent access to commodities without the need to purchase forward contracts or physically possess the commodity. Legally, ETCs constitute notes from the respective issuer, thus subject to the credit risk of the issuer, and not special assets in the form of a fund structure. Lack of liquidity of the underlying commodity of ETCs may have an impact on bid offer spreads, and the liquidity of ETCs may be severely reduced during volatile conditions. Performance of the ETC may also be subject to the deduction of the relevant product fees charged by the issuer.

The prices of the commodities may be affected by various risk factors including but not limited to monetary policies, government reserves, supply and demand disruptions, inflation expectations, interest rates and foreign exchange rates movements, political (embargoes, regulations, government policies etc), environmental (drought, floods, weather, disease, etc) and/or commercial (tariffs, dominant position, etc) factors. The Sub-Fund may be exposed to greater volatility of their assets and its Net Asset Value may be affected unfavourably by adverse movements in the commodity prices due to these risk factors.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "Investment and Borrowing Restrictions".

The Sub-Fund will not be involved in any securities financing transactions.

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager will not invest directly in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund. Exposure to commodities may only be achieved indirectly without physical delivery through (i) transferable securities, such as commodity-linked notes or exchange traded commodities that do not embed derivatives; and (ii) exchange traded funds qualified as an Undertaking for Collective Investment in Transferable Securities governed by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS**") or other eligible collective investment schemes, which may use financial derivative instruments (e.g., total return swaps) to track the performance of a diversified commodity index.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading "Initial Offer Period" and "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

During the Initial Offer Period, Units will be offered at the Initial Offer Price. Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Institutional I	Institutional II	Institutional III‡
Minimum Initial Subscription	USD1,000	USD1 million	USD20 million	USD100 million
Minimum Subsequent Subscription	USD1,000	USD100,000	USD1 million	Nil
Minimum Holding after any realisation	USD1,000	USD1 million	USD20 million	USD100 million

‡ Please note that Class Institutional III Units are only available to Hong Kong retirement schemes.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, minimum holding and realisation amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "Realisation of Units".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

For RMB classes, realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion of Units of any class in the Sub-Fund into Units of another class in the same Sub-Fund is only permissible from Class Institutional I to Class Institutional II when the holding in Class Institutional I is greater than USD 20 million. Conversion of Units from Class Institutional I or Class Institutional II to Class Institutional III is only permissible when the holding in Class Institutional I or Class Institutional II (as appropriate) is greater than USD100 million and the client type criteria is met. Conversion from Class Classic to Class Institutional I or Class Institutional II or Class Institutional III is not permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in another sub-fund is only permissible if the conditions for conversion into that relevant class of such other sub-fund are met.

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Fees and Expenses

Fees payable by investors:

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	4.5%	4.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Realisation Charge (% of Realisation Price)	Nil	1%	Nil	1%	Nil	1%	Nil	1%
Switching Fee (% of the Issue Price of the new units)	1%	1%	1%	1%	1%	1%	1%	1%

Fees payable from assets of the Sub-Fund:

Management Fee (per annum) (% Net Asset Value of the relevant Class of the Sub-Fund)	Classic		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max
	1.20%	1.75%	0.65%	1.25%	0.45%	1%	0.25%	1%
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.							
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.							
Initial set-up fee	USD5,000 payable to the Trustee.							
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.							

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD60,000 have been amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Distribution

Dividend distribution policy

For investors in accumulation classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

Dividends, once declared, will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the currency of the relevant Class. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk[1].

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of a class outstanding hereunder is less than USD10 million.

A class of Units of the Sub-Fund may be terminated by the Manager on notice if the Net Asset Value of the Units of that class is less than USD2 million.

In case of termination, no less than one month's notice will be given to Unitholders.

[1] This website has not been reviewed by the SFC.

APPENDIX 2

AMUNDI HK - BALANCED FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;
"CAD"	means Canadian Dollar, the official currency of Canada;
"Class Currency"	Classic: USD, HKD, RMB, AUD (hedged), CAD (hedged), EUR (hedged), GBP (hedged), NZD (hedged), RMB (hedged); and Class Institutional I/II/III: USD;
"Class Category"	Classic classes can be either accumulation or distribution. Only accumulation units are available for Institutional classes;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"Initial Offer Period"	in relation to Units of Class Institutional and Class Classic, means the Dealing Day on which the application for Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following classes of Units, means - - Class Classic USD – USD 10 - Class Classic HKD – HKD 10 - Class Classic RMB – RMB 10 - Class Classic AUD (hedged) – AUD 10 - Class Classic CAD (hedged) – CAD10 - Class Classic EUR (hedged) – EUR10 - Class Classic GBP (hedged) – GBP10 - Class Classic NZD (hedged) – NZD10 - Class Classic RMB (hedged) – RMB 10

- Class Classic A USD – USD 10
- Class Institutional I – USD 10
- Class Institutional II – USD 10
- Class Institutional III - USD 10

(or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);

"NZD"	means New Zealand dollar, the lawful currency of New Zealand;
"Sub-Fund"	Amundi HK - Balanced Fund;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund:

- Class Classic USD – Accumulation;
- Class Classic USD – Distribution;
- Class Classic HKD – Accumulation;
- Class Classic HKD – Distribution;
- Class Classic RMB – Accumulation;
- Class Classic RMB – Distribution;
- Class Classic AUD (hedged) – Distribution;
- Class Classic CAD (hedged) – Distribution;
- Class Classic EUR (hedged) – Distribution;
- Class Classic GBP (hedged) – Distribution;
- Class Classic NZD (hedged) – Distribution;
- Class Classic RMB (hedged) – Accumulation;
- Class Classic RMB (hedged) – Distribution;
- Class Classic A USD – Accumulation;
- Class Institutional I – Accumulation;
- Class Institutional II – Accumulation; and
- Class Institutional III – Accumulation.

The Manager has the discretion to establish new classes of Units from time to time.

The Sub-Fund has received approval from the China Securities Regulatory Commission for offering to investors in the Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager has / will establish new classes of units from time to time specifically for Mainland distribution (will not be offered to Hong Kong investors) and the details of these new classes of units shall be found in the Mainland covering document which is available for Mainland investors only.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to achieve moderate long term capital growth through an actively managed portfolio of global equities, bonds and cash. It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

Investment strategy

The Sub-Fund will invest 40% to 80% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in bonds, currencies and cash.

The Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Bond positions will be actively managed to provide income and may help moderate overall portfolio volatility. The Sub-Fund may invest up to 20% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in Mainland China's onshore bond market through Bond Connect.

The Sub-Fund may invest in LAP, for example, contingent convertible debt securities, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAP will be less than 30% of its Net Asset Value.

The Sub-Fund may invest up to 10% of its Net Asset Value in commodities (including gold) indirectly through commodity-linked notes, exchange traded commodities, exchange traded funds and/or other similar instruments.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for hedging, efficient portfolio management or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Stock Connects

Please refer to the section "Stock Connects" in this Explanatory Memorandum for further details.

Bond Connect

Please refer to the section "Bond Connect" in this Explanatory Memorandum for further details.

Risks involved

Through its investments in global fixed-income, equity and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, and political, economic and social risks. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risk attached to use of derivatives

The Sub-Fund may acquire derivatives for hedging, efficient portfolio management or investment purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss

significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/efficient portfolio management/investment and the Sub-Fund may suffer losses.

Risks relating to Distribution Policy

For distribution classes, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the Class Currency of the hedged unit classes and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

In addition, returns to investors will vary from year to year depending on the dividend income and capital returns generated by the underlying investments.

RMB classes related risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. Accordingly, the investment in RMB classes of the Sub-Fund may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. As such, in case of sizable redemption requests for the RMB classes are received, the Manager has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the Sub-Fund for settlement purpose. In any event, for proper redemption requests received before the Dealing Deadline, realisation proceed will be paid no later than one calendar month after the relevant Dealing Day when the redemption requests were received.

For “non-hedged” RMB classes, since the unit prices of RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the Base Currency more than the increase in the value of the underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the Base Currency, and the value of the underlying investments decreased, the value of investors’ investments in RMB classes may suffer additional losses.

For hedged RMB classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors will still be subject to the related risk for “non-hedged” RMB classes mentioned above. Hedged RMB classes will hedge the Sub-Fund’s Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB classes to that of the equivalent class denominated in the Sub-Fund’s Base Currency. This strategy will limit the hedged RMB classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please also refer to the “Hedging Risk” section below for details.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the “CNH”) will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the “CNY”) and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors’ investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

Hedging Risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund’s Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund’s Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager is also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund’s Base Currency.

Early Termination Risk

The Sub-Fund may be terminated in certain circumstances which are summarised under the section headed “Termination of the Fund or any Sub-Fund” in the Explanatory Memorandum.

In the event of the early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Units that had not yet become fully amortized may be debited against the capital of the Sub-Fund at that time.

Risks associated with investments in LAP

LAP are subject to greater 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 (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events 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. LAP may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. 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.

Risks of investing indirectly in commodities

The Sub-Fund may invest in exchange traded commodities ("**ETCs**") which are commodities linked securities or instruments traded on regulated market. ETCs track the performance of an underlying commodity, commodity future or commodity index, and offers investors quick, cost effective and transparent access to commodities without the need to purchase forward contracts or physically possess the commodity. Legally, ETCs constitute notes from the respective issuer, thus subject to the credit risk of the issuer, and not special assets in the form of a fund structure. Lack of liquidity of the underlying commodity of ETCs may have an impact on bid offer spreads, and the liquidity of ETCs may be severely reduced during volatile conditions. Performance of the ETC may also be subject to the deduction of the relevant product fees charged by the issuer.

The prices of the commodities may be affected by various risk factors including but not limited to monetary policies, government reserves, supply and demand disruptions, inflation expectations, interest rates and foreign exchange rates movements, political (embargoes, regulations, government policies etc), environmental (drought, floods, weather, disease, etc) and/or commercial (tariffs, dominant position, etc) factors. The Sub-Fund may be exposed to greater volatility of their assets and its Net Asset Value may be affected unfavourably by adverse movements in the commodity prices due to these risk factors.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "Investment and Borrowing Restrictions".

The Sub-Fund will not be involved in any securities financing transactions.

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager will not invest directly in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund. Exposure to commodities may only be achieved indirectly without physical delivery through (i) transferable securities, such as commodity-linked notes or exchange traded commodities that do not embed derivatives; and (ii) exchange traded funds qualified as UCITS or other eligible collective investment schemes, which may use financial derivative instruments (e.g., total return swaps) to track the performance of a diversified commodity index.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading “Initial Offer Period” and “Subsequent Issues” in the section headed “Investing in the Sub-Fund”.

During the Initial Offer Period, Units will be offered at the Initial Offer Price. Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading “Subsequent Issues” in the section headed “Investing in the Sub-Fund”.

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Classic A	Institutional I	Institutional II	Institutional III[§]
Minimum Initial Subscription	USD1,000	Nil	USD1 million	USD20 million	USD100 million
Minimum Subsequent Subscription	USD1,000	Nil	USD100,000	USD1 million	Nil
Minimum Holding after any realisation	USD1,000	Nil	USD1 million	USD20 million	USD100 million

[§] Please note that Class Institutional III Units are only available to Hong Kong retirement schemes.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, minimum holding and realisation amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "Realisation of Units".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Classic A	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

For RMB classes, realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion of Units of any class in the Sub-Fund into Units of another class in the same Sub-Fund is only permissible from Class Institutional I to Class Institutional II when the holding in Class Institutional I is greater than USD 20 million. Conversion of Units from Class Institutional I or Class Institutional II to Class Institutional III is only permissible when the holding in Class Institutional I or Class Institutional II (as appropriate) is greater than USD100 million and the client type criteria is met. Conversion from Class Classic to Class Institutional I or Class Institutional II or Class Institutional III is not permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in another sub-fund is only permissible if the conditions for conversion into that relevant class of such other sub-fund are met.

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion of units of Class Classic A class to other share classes (i.e. Class Classic and Class Institutional) is not permissible unless with the Manager's consent.

Fees and Expenses

Fees payable by investors:

Class	Classic / Classic A		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	4.5%	4.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Realisation Charge (% of Realisation Price)	Nil	1%	Nil	1%	Nil	1%	Nil	1%
Switching Fee (% of the Issue Price of the new units)	1%	1%	1%	1%	1%	1%	1%	1%

Fees payable from assets of the Sub-Fund:

Management Fee (per annum) (% Net Asset Value of the relevant Class of the Sub-Fund	Classic		Classic A		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max	Current	Max
	1.20%	1.75%	1.25%	2.00%	0.65%	1.25%	0.45%	1%	0.25%	1%
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.									
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.									
Initial set-up fee	USD3,500 payable to the Trustee.									
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.									

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD15,000 have been amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Distribution

Dividend distribution policy

For investors in accumulation classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

Dividends, once declared, will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the currency of the relevant Class. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk[1] .

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of a class outstanding hereunder is less than USD10 million.

A class of Units of the Sub-Fund may be terminated by the Manager on notice if the Net Asset Value of the Units of that class is less than USD2 million.

In case of termination, no less than one month's notice will be given to Unitholders.

[1] This website has not been reviewed by the SFC.

APPENDIX 3

AMUNDI HK - GROWTH FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;
"Class Currency"	Classic: USD, RMB, RMB (hedged), HKD, AUD (hedged), EUR (hedged), GBP (hedged); and Class Institutional I/II/III: USD;
"Class Category"	Classic classes can be either accumulation or distribution. Only accumulation units are available for Institutional classes;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"Initial Offer Period"	in relation to Units of Class Institutional and Class Classic, means the Dealing Day on which the application for Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following classes of Units, means - - Class Classic USD – USD 10 - Class Classic RMB – RMB 10 - Class Classic RMB (hedged) – RMB 10 - Class Classic HKD – HKD10 - Class Classic AUD (hedged) – AUD10 - Class Classic EUR (hedged) – EUR10 - Class Classic GBP (hedged) – GBP10 - Class Institutional I – USD 10 - Class Institutional II – USD 10 - Class Institutional III - USD10

	(or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);
"Sub-Fund"	Amundi HK - Growth Fund;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund:

- Class Classic USD – Accumulation;
- Class Classic USD – Distribution;
- Class Classic RMB – Accumulation;
- Class Classic RMB – Distribution;
- Class Classic RMB (hedged) – Accumulation;
- Class Classic RMB (hedged) – Distribution;
- Class Classic HKD – Distribution;
- Class Classic AUD (hedged) – Distribution;
- Class Classic EUR (hedged) – Distribution;
- Class Classic GBP (hedged) – Distribution;
- Class Institutional I – Accumulation;
- Class Institutional II – Accumulation; and
- Class Institutional III – Accumulation.

The Manager has the discretion to establish new classes of Units from time to time.

The Sub-Fund has received approval from the China Securities Regulatory Commission for offering to investors in the Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager has / will establish new classes of units from time to time specifically for Mainland distribution (will not be offered to Hong Kong investors) and the details of these new classes of units shall be found in the Mainland covering document which is available for Mainland investors only.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to achieve high long term capital growth through an actively managed portfolio of global equities, money market instruments, government bonds and cash. It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

Investment strategy

The Sub-Fund will invest 80% to 100% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in cash, government bonds and money market instruments. The Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Investments may also be made in cash and money market instruments up to 20% of the assets in light of market conditions. The Sub-Fund may invest up to 20% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in Mainland China's onshore bond market through Bond Connect.

The Sub-Fund may invest up to 10% of its Net Asset Value in commodities indirectly through exchange traded funds and/or other similar instruments.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the

Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for hedging, efficient portfolio management or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Stock Connects

Please refer to the section "Stock Connects" in this Explanatory Memorandum for further details.

Bond Connect

Please refer to the section "Bond Connect" in this Explanatory Memorandum for further details.

Risks involved

Through its investments in equity, and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risk, liquidity risk, counterparty risk, and political, economic and social risks. It should also be noted that investments by the Sub-Fund made in small and medium companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risk attached to use of derivatives

The Sub-Fund may acquire derivatives for hedging, efficient portfolio management or investment purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/efficient portfolio management/investment and the Sub-Fund may suffer losses.

Risks relating to Distribution Policy

For distribution classes, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders. The Manager may at its discretion determine to pay

dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the Class Currency of the hedged unit classes and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

In addition, returns to investors will vary from year to year depending on the dividend income and capital returns generated by the underlying investments.

RMB classes related risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. Accordingly, the investment in RMB classes of the Sub-Fund may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. As such, in case of sizable redemption requests for the RMB classes are received, the Manager has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the Sub-Fund for settlement purpose. In any event, for proper redemption requests received before the Dealing Deadline, realisation proceed will be paid no later than one calendar month after the relevant Dealing Day when the redemption requests were received.

For "non-hedged" RMB classes, since the unit prices of RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the Base Currency more than the increase in the value of the underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the Base Currency, and the value of the underlying investments decreased, the value of investors' investments in RMB classes may suffer additional losses.

For hedged RMB classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes may be exposed to

RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors will still be subject to the related risk for "non-hedged" RMB classes mentioned above. Hedged RMB classes will hedge the Sub-Fund's Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. This strategy will limit the hedged RMB classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please also refer to the "Hedging Risk" section below for details.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

Hedging Risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund's Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager is also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund's Base Currency.

Early Termination Risk

The Sub-Fund may be terminated in certain circumstances which are summarised under the section headed "Termination of the Fund or any Sub-Fund" in the Explanatory Memorandum. In the event of the early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Units that had not yet become fully amortized may be debited against the capital of the Sub-Fund at that time.

Risks of investing indirectly in commodities

The prices of the commodities may be affected by various risk factors including but not limited to monetary policies, government reserves, supply and demand disruptions, inflation expectations, interest rates and foreign exchange rates movements, political (embargoes, regulations, government policies etc), environmental (drought, floods, weather, disease, etc)

and/or commercial (tariffs, dominant position, etc) factors. The Sub-Fund may be exposed to greater volatility of their assets and its Net Asset Value may be affected unfavourably by adverse movements in the commodity prices due to these risk factors.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "Investment and Borrowing Restrictions".

The Sub-Fund will not be involved in any securities financing transactions.

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager will not invest directly in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund. Exposure to commodities may only be achieved indirectly without physical delivery through exchange traded funds qualified as UCITS or other eligible collective investment schemes, which may use financial derivative instruments (e.g., total return swaps) to track the performance of a diversified commodity index.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading "Initial Offer Period" and "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

During the Initial Offer Period, Units will be offered at the Initial Offer Price. Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class Currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Institutional I	Institutional II	Institutional III**
Minimum Initial Subscription	USD1,000	USD1 million	USD20 million	USD100 million
Minimum Subsequent Subscription	USD1,000	USD100,000	USD1 million	Nil
Minimum Holding after any realisation	USD1,000	USD1 million	USD20 million	USD100 million

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, minimum holding and realisation amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "Realisation of Units".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

For RMB classes, realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion of Units of any class in the Sub-Fund into Units of another class in the same Sub-Fund is only permissible from Class Institutional I to Class Institutional II when the holding in Class Institutional I is greater than USD 20 million. Conversion of Units from Class Institutional I or Class Institutional II to Class Institutional III is only permissible when the holding in Class Institutional I or Class Institutional II (as appropriate) is greater than USD100 million and the client type criteria is met. Conversion from Class Classic to Class Institutional I or Class Institutional II or Class Institutional III is not permissible.

** Please note that Class Institutional III Units are only available to Hong Kong retirement schemes.

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in another sub-fund is only permissible if the conditions for conversion into that relevant class of such other sub-fund are met.

Fees and Expenses

Fees payable by investors:

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	4.5%	4.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Realisation Charge (% of Realisation Price)	Nil	1%	Nil	1%	Nil	1%	Nil	1%
Switching Fee (% of the Issue Price of the new units)	1%	1%	1%	1%	1%	1%	1%	1%

Fees payable from assets of the Sub-Fund:

Management Fee (per annum) (% Net Asset Value of the relevant Class of the Sub-Fund)	Classic		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max
	1.20%	1.75%	0.65%	1.25%	0.45%	1%	0.25%	1%
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.							
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.							
Initial set-up fee	USD3,500 payable to the Trustee.							
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.							

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD15,000 have been amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is

not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Distribution

Dividend distribution policy

For investors in accumulation classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

Dividends, once declared, will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the currency of the relevant Class. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk[1] .

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of a class outstanding hereunder is less than USD10 million.
A class of Units of the Sub-Fund may be terminated by the Manager on notice if the Net Asset Value of the Units of that class is less than USD2 million.

In case of termination, no less than one month's notice will be given to Unitholders.

[1] This website has not been reviewed by the SFC.

APPENDIX 4

AMUNDI HK – MONEY MARKET USD FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"Base Currency" and "Class Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;
"Dealing Day"	Each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"Disclosure Regulation" or **"SFDR"**	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
"environmentally sustainable economic activities"	An investment in one or several economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. For the purpose of establishing the degree to which an investment is environmentally sustainable, an economic activity shall qualify as environmentally sustainable where that economic activity contributes substantially to one or more of the environmental objectives set out in the TR, does not significantly harm and of the environmental objectives set out in the TR, is carried out in compliance with the minimum safeguards laid down in the TR and complies with the technical screening criteria that have been established by the European Commission in accordance with the TR;
"Initial Offer Period"	in relation to Units of Class Institutional, means the Dealing Day on which the application for Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following class of Units, means - - Class Institutional – USD 10 (or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);
"Regulatory Technical Standards"	A consolidated set of technical standards defined by European Parliament and the Council, which provide additional detail on the content, methodology and

	presentation of certain existing disclosure requirements under the Disclosure Regulation and the Taxonomy Regulation;
"Sub-Fund"	Amundi HK – Money Market USD Fund;
"Taxonomy Regulation" or **"TR"**	Regulation (EU) 2020/852 of the European Parliament and of the Council of 27 November 2019 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 "Disclosure Regulation" or "SFDR";
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following class in the Sub-Fund:

- Class Institutional

The Manager has the discretion to establish new classes of Units from time to time.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to provide investors with a stable store of value and more predictable returns than those available from equities and other longer term investments by investing as a feeder fund solely in the shares of the Amundi Funds - Cash USD (This is not a money market fund in Hong Kong)* ("**Underlying Fund**"), a sub-fund under Amundi Funds, which is organised as "Société d'Investissement à Capital Variable" ("SICAV") under the laws of the Grand Duchy of Luxembourg. The Underlying Fund is a UCITS fund ("**Undertaking for Collective Investment in Transferable Securities**") and is authorised by the SFC. Please note that SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

* The Underlying Fund is a standard variable net asset value money market fund under European Money Market Fund Regulation.

The Underlying Fund is managed by Amundi Asset Management ("**Underlying Fund Manager**"). The Manager and the Underlying Fund Manager are members of the Amundi.

The Manager may with the approval of the SFC, replace the Underlying Fund with an alternative underlying fund authorised by the SFC with similar investment objectives, investment restrictions and fee levels as the Underlying Fund and invest the assets of the Sub-Fund into the new underlying fund by giving not less than three months' notice to the relevant unitholders.

Since the emphasis of the Underlying Fund and thus, the Sub-Fund, will be on authorized transferable securities and money market instruments with very low price volatility and high marketability, the Sub-Fund is appropriate for investors who take minimal market risk. The information contained in this paragraph about the profile of the typical investor is provided for reference only. Before making any investment decisions, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances, investment objectives etc. If in doubt, investors should consult their stockbrokers, bank managers, solicitors, accountants, representative banks or other financial advisors.

The purchase of a share in the Underlying Fund is not the same as placing funds on deposit with a bank or deposit taking company. The management company has no obligation to redeem shares at the offer value and the sub-funds are not subject to the supervision of the Hong Kong Monetary Authority.

Investment objective and policy of the Underlying Fund

Investment objective and strategy

The investment objective of the Underlying Fund is to offer returns in line with money markets rates.

The Underlying Fund is a financial product that promotes ESG characteristics pursuant to Article 8 of the Disclosure Regulation.

The Underlying Fund invests in short-term assets and, more precisely, mainly in money market instruments that are denominated in US dollar or hedged against the US dollar. The Underlying Fund invests at least 67% of its total assets in money market instruments (including asset-backed commercial papers). The average portfolio maturity maintained by the Underlying Fund will not exceed 90 days and it will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities. The base currency of the Underlying Fund and the Sub-Fund is US Dollar.

The Underlying Fund does not invest more than 30% of assets in money market instruments issued or guaranteed by any single nation, public local authority within the EU, or an international body to which at least one EU member belongs.

The Underlying Fund may invest up to 10% of its assets in units / shares of other MMFs.

The Underlying Fund may invest in LAP, for example, contingent convertible debt securities, senior non-preferred debts, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Underlying Fund's expected total maximum investments in LAP will be less than 30% of its net asset value.

The Underlying Fund is actively managed and seeks to achieve a stable performance in line with the Compounded Effective Federal Funds Rate Index (formerly the "USD Libor 3-month rate" until 1 March 2021) (the "**Benchmark**"). The Underlying Fund may use the Benchmark a posteriori (i.e. as an indicator for assessing the Underlying Fund's performance). There are no constraints relative to the Benchmark restraining portfolio construction. The Benchmark is not used for the purpose of portfolio construction of the Underlying Fund and the investment exposures, performance and returns of the Underlying Fund may differ significantly from the Benchmark.

The Effective Federal Funds Rate is a public benchmark, the official provider for which is the US Federal Reserve. The Effective Federal Funds Rate is calculated under the authority of the Board of Governors of the Federal Reserve System of the USA, using data on overnight federal funds transactions provided by domestic banks and US branches and agencies of foreign banks. The Compounded Effective Federal Funds Rate Index is a compounded version of the Effective Federal Funds Rate calculated by Amundi internally, which also factors in the impact of the reinvestment of interest on a daily basis using the Overnight Indexed Swap method. The Compounded Effective Federal Funds Rate Index of a given calendar day which is a weekday (i.e. Mondays to Fridays) (D) is calculated by adding to the Compounded Effective Federal Funds Rate Index of the previous calendar day which is a weekday (D-1) the variation calculated by using the Compounded Effective Federal Funds Rate Index of the previous calendar day (D-1) multiplied by the Effective Federal Funds Rate for the given calendar day (D) and the DELTA, being the number of calendar days (including Saturdays and Sundays) elapsed since the last calculation, of the given calendar day (D) divided by 360, i.e.

> CEFR (D) = CEFR (D-1) + [CEFR (D-1) * (Effective Federal Funds Rate (D) * DELTA (D) / 360)]
>
> *N.B. The Compounded Effective Federal Funds Rate Index is shortened to "CEFR" for easy reading.*

Typically, the DELTA from Tuesdays to Fridays would be 1, and 3 on Mondays to account for the days elapsed during the weekend when no calculation is made. The source of the Effective Federal Funds Rate used by Amundi is ticker FRBRIFSPFF@US of Factset.

"DELTA" is used in the above formula because when displaying the performances of the Underlying Fund on a monthly/quarterly/yearly/year-to-date basis, those performances are compared to a series of daily Effective Federal Fund Rates compounded on a monthly/quarterly/yearly/year-to-date basis. This allows Amundi to take into consideration the fact that the accrued interest received by the Underlying Fund from previous investments are systematically reinvested. Accordingly, this gives a more accurate level of comparison between the performance of the Underlying Fund and the performance of the Benchmark on a given period.

The calculation of accrued interest on the basis of 360 days per year is the market practice for monetary funds expressed in USD.

The compounding of the Compounded Effective Federal Funds Rate Index is performed perpetually according to the above formula and no reset mechanism is contemplated. The starting point figure for this formula is the Effective Federal Funds Rate on 2 January 1996. This date was chosen historically to match the launch date of another fund under Amundi's management.

The Underlying Fund may use derivatives for hedging. The Underlying Fund will not invest in financial derivative instruments for investment purposes.

The investment team of the Underlying Fund uses both technical and fundamental analysis, including credit analysis, to select issuers and short term private securities (bottom-up) while constructing a high quality portfolio with a strong focus on liquidity and risk management. Further, the Underlying Fund seeks to achieve an ESG score of its portfolio greater than that of the investment universe.

For more information, see the "Appendix V: Sustainable Investing – Taxonomy Regulation" section of the prospectus of the Underlying Fund and the Underlying Fund's ESG/sustainability annex to the prospectus of the Underlying Fund.

The attention of the Investors is drawn to the fact that the base currency referred to in the investment strategy does not necessarily reflect its currencies of investment.

The maximum and expected proportions of the Underlying Fund's assets that may be subject to securities financing transactions and total return swaps are as follows:

Underlying Fund		Repurchase Transactions	Reverse Repurchase Transactions	Securities Lending Transactions	Total Return Swaps
Cash USD	Estimates	5%	15%	-	-
	Max	10%	70%	-	-
	Frequency	Temporary	Continuous	-	-
	Purpose of use	Cash Manag.		-	-

As specified in the table above, the Underlying Fund uses securities financing transactions on continuous basis and/or temporary basis for following purposes:

When used for cash management (indicated above with "**Cash Manag."),** securities financing transactions are used as a treasury management tool, to facilitate a cost efficient flow of cash with the objective to contribute to a complementary financing of its investment strategies

(repurchase agreements) or to affect temporary excess of cash while optimizing revenues (reverse repurchase agreements).

Please refer to the prospectus of the Underlying Fund, for the latest disclosures on the techniques and instruments on securities financing transactions by the Underlying Fund.

The Underlying Fund is rated A/f S1 by Fitch, further to a rating solicited and financed by its investment manager.

Investors should note that the Trustee is not the trustee or custodian of the assets of the Underlying Fund and accordingly is not responsible for (i) the safe-keeping or controlling the assets of the Underlying Fund; or (ii) ensuring compliance by the Underlying Fund, or the Underlying Fund Manager with investment restrictions, borrowing restrictions or investment objectives applicable to the Underlying Fund.

A copy of the prospectus of the Underlying Fund is available on request. It is recommended that each investor read and understand such prospectus. Please refer to Annexure C to this Explanatory Memorandum for investment and borrowing restrictions of the Underlying Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for hedging. The Sub-Fund's net derivative exposure may be up to 50% of its latest available Net Asset Value.

The Underlying Fund may use derivatives for hedging. The Underlying Fund's net derivative exposure may be up to 50% of its latest available Net Asset Value.

Risks involved

The performance of the Sub-Fund will be affected by a number of risk factors involved in investing in the Underlying Fund. As such, the Sub-Fund is exposed to the usual risks associated with investment in such instruments including (but not necessarily limited to) currency risk, interest rate risk, credit risk, liquidity risk and counterparty risks. Please refer to the section headed "Risk Factors" (p.25) in the Explanatory Memorandum for further details on such risks.

The Sub-Fund is likely to be subject to the following additional risks:

(i) Manager Selection

Investors should note that all of the Sub-Fund's assets are invested in the Underlying Fund managed by the Underlying Fund Manager, an affiliate of the Manager. The Manager has no ability to control the manner in which the Underlying Fund Manager will make investments or whether the Underlying Fund Manager will act in accordance with any disclosure documents or descriptive materials given by the Underlying Fund Manager to the Sub-Fund.

(ii) Future Returns

The performance of the Sub-Fund depends on the investment selection made by the Underlying Fund Manager. No assurance can be given that the strategies employed by the Underlying Fund Manager will be able to achieve the investment objective of the Underlying Fund or the Sub-Fund or achieve attractive returns. Past performance of the Underlying Fund is not necessarily a guide to future performance of the Underlying Fund or the Sub-Fund.

(iii) Risk of Investment in Debt Securities Issued by Sovereign and Government Agencies

Where sovereign and government agencies with rising government deficits and debt levels, their risk of default may increase. As such, the ratings of debt securities issued by these sovereign and government agencies may be downgraded. Accordingly, investments in such debt securities may experience greater price volatility and greater risk of loss of principal and interest. Therefore, it is possible that investors may get back less than their original investment.

(iv) Downgrading Risk

The credit rating of debt securities or their issuers may be subject to the risk of being downgraded. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Underlying Fund's investment value in such security and, in turn, the value of the Underlying Fund may be adversely affected. The relevant Underlying Fund Manager may or may not dispose of the debt securities that are being downgraded, subject to the investment objective of the Underlying Fund and if it is in the interests of the shareholders to do so. Moreover, the relevant Underlying Fund Manager may or may not be able to dispose of the debt securities that are being downgraded.

(v) European Sovereign-debt Crisis Risk

The Underlying Fund may be exposed to risks relating to investment in securities of issuers located or incorporated in European markets. Given that the economic and financial difficulties in Europe may continue to get worse or spread within and outside Europe, and the possibility of the failure of the measures taken by the European governments, central banks and other authorities, such as austerity measures and reforms, European markets may be subject to additional market volatility, liquidity, price and currency risks. Risk relating to potential default of some members of the Eurozone combined with a potential exit of some countries of the Eurozone or even the termination of the Eurozone, may result in increased currency risk and credit risk on issuers from those countries and the future stability and growth of those countries may be negatively affected. The value and performance of the Underlying Fund may be significantly and adversely affected due to escalation of the European crisis.

(vi) Termination Risk

The Underlying Fund and the Fund may not continue for an indefinite period of time. The Amundi Funds may be liquidated with a decision by majority vote of two-thirds of the Amundi Funds' shareholders. The Board of Directors of the Amundi Funds may also determine to close any of its existing sub-funds under certain circumstances in accordance of the Articles. The Fund may be terminated by the Trustee or the Manager under certain circumstances as described in the "Termination of the Fund or any Sub-Fund" section of the Explanatory Memorandum. Investors may not get back their original investment.

(vii) Risks associated with investments in LAP

LAP are subject to greater 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 (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events 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. LAP may also be exposed to liquidity, valuation and sector concentration risk.

The Underlying Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. 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.

The Underlying Fund 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 of principal invested.

(viii) **In Hong Kong, the Underlying Fund is not authorised as a money market fund under the Code on Unit Trusts and Mutual Funds for offering to the public.** The weighted average maturity ("WAM") (≤ 90 days) and weighted average life ("WAL") (≤ 12 months) of the Underlying Fund's portfolio, are different from money market funds that are authorised under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds which requires WAM ≤ 60 days and WAL ≤ 120 days. Therefore, investors are reminded that the Underlying Fund in general may be subject to higher credit risks and interest rate risks as compared to money market funds that are authorised under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds. Accordingly, investors should refer to the section titled "**General investment risk**" in the prospectus of the Underlying Fund and the section titled "**What are the key risks?**" in the Product Key Facts Statement of the Sub-Fund for the risks relating to the Underlying Fund.

(ix) Sustainable Investment Risk

The investment manager of the Underlying Fund considers the principal adverse impact of investment decisions on sustainability factors when making investments on behalf of the Underlying Fund. The Underlying Fund is established with investment policies that seek to promote environmental and social characteristics. In managing the Underlying Fund and in selecting the assets which the Underlying Fund shall invest in, the investment manager of the Underlying Fund applies Amundi's Responsible Investment Policy.

The Underlying Fund has an investment universe that focuses on investments in companies that meet specific criteria including ESG scores. Accordingly, the universe of investments of the Underlying Fund may be smaller than that of other funds. The Underlying Fund may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other funds that do not utilize ESG criteria when selecting investments and/or could cause the Underlying Fund to sell for ESG related concerns investments that both are performing and subsequently perform well.

Exclusion or disposal of securities of issuers that do not meet certain ESG criteria from the Underlying Fund's investment universe may cause the Underlying Fund to perform differently compared to similar funds that do not have such a responsible investment policy and that do not apply ESG screening criteria when selecting investments.

The Underlying Fund will vote proxies in a manner that is consistent with the relevant ESG exclusionary criteria, which may not always be consistent with maximising the short-term performance of the relevant issuer. Further information relating to Amundi's ESG voting policy may be found in the Amundi's Responsible Investment Policy available at www.amundi.com.hk. This website has not been reviewed by the SFC.

There is a lack of standardised taxonomy in ESG evaluation methodologies and the way in which different funds that use ESG criteria will apply such criteria may vary. The investment manager of the Underlying Fund will use its own methodologies, involving its

subjective judgment, in analysing and evaluating the ESG scoring of a security or its issuer. There is a risk that the investment manager of the Underlying Fund may not apply the relevant green criteria correctly or that the Underlying Fund may have indirect exposure to issuers who do not meet the relevant ESG criteria used by the Underlying Fund.

The selection of assets may rely on a proprietary ESG scoring process that relies partially on third party data. Data provided by third parties may be incomplete, inaccurate or unavailable and as a result, there is a risk that the investment manager of the Underlying Fund may incorrectly assess a security or issuer.

The securities held by the Underlying Fund may be subject to style drift which no longer meet the Underlying Fund's ESG criteria after the Underlying Fund's investments. The investment manager of the Underlying Fund might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a fall in the Underlying Fund's net asset value.

(ix) Risks associated with securities financing transactions

Repurchase transactions risk: In the event of the failure of the counterparty with which collateral has been placed, the Underlying Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Reverse repurchase transactions risk: In the event of the failure of the counterparty with which cash of the Underlying Fund has been placed, the Underlying Fund may suffer loss as there is the risk that (1) collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, 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; that (2) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulties in realising collateral, may restrict the ability of the Underlying Fund to meet payment obligations arising from sale requests, security purchases or, more generally, reinvestment.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE ALL THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND

Investment and Borrowing Restrictions of the Sub-Fund

A feeder fund may invest all of its non-cash assets in any single collective investment scheme provided that such collective investment scheme is authorised under the SFO. For so long as the Sub-Fund is a feeder fund solely investing in the Underlying Fund, for the purpose of complying with the relevant investment restrictions and prohibitions, the Sub-Fund and the Underlying Fund will be deemed a single entity.

The Sub-Fund will not be involved in any securities financing transactions.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading "Initial Offer Period" and "Subsequent Issues" in the section headed "Investing in the Sub-Fund". Notwithstanding the disclosures under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund" of the Explanatory Memorandum, following the close of the Initial Offer Period, the Issue Price

per Unit (exclusive of any preliminary charge) in respect of a class in the Sub-Fund on any Dealing Day shall be the Net Asset Value per Unit of that class ascertained by dividing the Net Asset Value of that class as at the Valuation Point in respect of that Dealing Day by the number of Units of that class in issue rounded down to 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained for the benefit of the Sub-Fund.

During the Initial Offer Period, Units will be offered at the Initial Offer Price. Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

The minimum initial subscription, minimum subsequent subscription and minimum holding in respect of the following class of Units of the Sub-Fund are as follows:

Class	Institutional
Minimum Initial Subscription	USD500,000
Minimum Subsequent Subscription	USD100,000
Minimum Holding after any realisation	USD500,000

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "Realisation of Units".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units". Notwithstanding the disclosures under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units" of the Explanatory Memorandum, the Realisation Price per Unit in respect of a class in the Sub-Fund on any Dealing Day shall be the Net Asset Value per Unit of that class ascertained by dividing the Net Asset Value of that class as at the Valuation Point in respect of the Dealing Day on which the Units are realised by the number of Units of that class in issue rounded down to 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained for the benefit of the Sub-Fund.

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of the following class:

Class	Institutional
Minimum Realisation Amount	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "Realisation of Units".

Conversion between Classes and Sub-Funds

Where other class or classes of Units are created in respect of the Sub-Fund, conversion of Units of a class in the Sub-Fund into another class of the same Sub-Fund is permissible subject to such conditions for conversion as may be determined by the Manager after consulting with the Trustee.

Conversion of Units of a class in the Sub-Fund into Units of another class in another sub-fund is only permissible if the conditions for conversion into that relevant class of such other sub-fund are met.

Fees and Expenses

Fees payable by investors:

Class	Institutional	
	Current	Maximum
Preliminary Charge (% of Issue Price)	2.5%	2.5%
Realisation Charge (% of Realisation Price)	Nil	1%
Switching Fee (% of the Issue Price of the new units)	1%	1%

The Manager may impose a switching fee of up to 1% of the Issue Price in respect of conversion of Units in any class in the Sub-Fund into Units of another sub-fund.

Fees payable from assets of the Sub-Fund:

Trustee Fee (% Net Asset Value of the Sub-Fund)	Institutional
	Current fee payable for Class Institutional: 0.045% per annum.
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 50 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.
Initial set-up fee	USD3,500 payable to the Trustee.
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.

During such period as the Sub-Fund and the Underlying Fund are both managed by the Manager or its connected persons, no management fee shall be payable at the Sub-Fund level.

Fees of the Underlying Fund

In addition, the Sub-Fund will, indirectly, bear a proportionate share of the fees and expenses of the I2 USD (C) Class of the Underlying Fund in which it invests. The Underlying Fund Manager is entitled to receive in respect of the I2 USD (C) Class shares of the Underlying Fund, in arrears a maximum management fee (payable within a frequency defined by the Underlying Fund Manager), accrued on and calculated as at each day, equal to 0.40% per annum of the net asset value of the Underlying Fund attributable to such class. As of the date

of this Explanatory Memorandum, the current management fee of such class is up to the aforementioned maximum management fee per annum.

No subscription fee or redemption fee will be imposed on the subscription or redemption of I2 USD (C) Class shares in the Underlying Fund.

The I2 USD (C) Class shares of the Underlying Fund are also subject to a maximum administration fee, including all the administrative expenses of the Underlying Fund, equal to 0.15% per annum of the net asset value of the Underlying Fund attributable to such class. As of the date of this Explanatory Memorandum, the current administration fee of such class is up to the aforementioned maximum administration fee per annum.

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD15,000 have been amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Financial Reports

The audited financial reports of the Fund will include a statement of the investments comprised in the Underlying Fund in which the Fund invests.

Distribution

It is the current intention of the Manager that here shall not be any distribution of income or net capital gains realised on the sale of investments, and income, if any, and net capital gains, if any, in respect of the Sub-Fund shall be accumulated and capitalised.

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading “Termination of the Fund or any Sub-Fund”.

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of a class outstanding hereunder is less than USD10 million.

Conflict of Interest and Transaction with Connected Persons

Pursuant to a master intermediary agreement dated 30 May 2013 between the Manager and Amundi Luxembourg S.A. (formerly known as Credit Agricole Asset Management Luxembourg S.A.) (“**Amundi Luxembourg**”), the Manager is entitled to receive remuneration from Amundi Luxembourg in relation to the distribution, marketing, solicitation, offering and the sale and/or the placement of shares of the Underlying Fund in Hong Kong. The Manager is entitled to retain such remuneration for its own use and benefit. For the avoidance of doubt, such remuneration will be paid by Amundi Luxembourg and not from the assets of the Underlying Fund and the Sub-Fund.

APPENDIX 5

AMUNDI HK - NEW GENERATION ASIA PACIFIC EQUITY DIVIDEND FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios.

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD" means Australian Dollars, the lawful currency of Australia;

"Base Currency" U.S. Dollars;

"Class Currencies" Class Classic: USD, HKD, RMB, AUD (hedged), CAD (hedged), EUR (hedged), GBP (hedged), NZD (hedged), RMB (hedged), SGD (hedged);

"Class Category" Each class can be either Accumulation or Distribution;

"Business Day" means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;

"CAD" means Canadian Dollar, the official currency of Canada;

"Dealing Day" each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;

"Dealing Deadline" 5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;

"EUR" means Euro, the official currency of the Eurozone;

"GBP" means British pound sterling, the official currency of United Kingdom;

"Initial Offer Period" in relation to Units of Class Classic, means, the Dealing Day on which the application for Units of such class by investor(s) is first accepted (or such other date or dates as dates as may be agreed between the Trustee and the Manager);

"Initial Offer Price" in relation to the following classes of Units, means -

	USD	HKD	AUD	SGD	RMB
Classic	10	10	10	10	10

	NZD	GBP	EUR	CAD
Classic	10	10	10	10

(or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);

"NZD" means New Zealand dollar, the lawful currency of New Zealand;

"Sub-Fund" Amundi HK - New Generation Asia Pacific Equity Dividend Fund;

"SGD" means the Singapore Dollars, the lawful currency of Singapore;

"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund:

- Class Classic USD - Accumulation
- Class Classic USD – Distribution I
- Class Classic HKD - Accumulation
- Class Classic HKD – Distribution I
- Class Classic RMB - Accumulation
- Class Classic RMB – Distribution I
- Class Classic AUD (hedged) - Accumulation
- Class Classic AUD (hedged) – Distribution I
- Class Classic CAD (hedged) – Distribution I
- Class Classic EUR (hedged) – Distribution I
- Class Classic GBP (hedged) – Distribution I
- Class Classic NZD (hedged) – Distribution I
- Class Classic RMB (hedged) - Accumulation
- Class Classic RMB (hedged) – Distribution I
- Class Classic RMB (hedged) – Distribution II
- Class Classic SGD (hedged) - Accumulation
- Class Classic SGD (hedged) – Distribution I

Subject to regulatory requirements, the Manager has the discretion to establish new classes of Units from time to time.

The Sub-Fund has received approval from the China Securities Regulatory Commission for offering to investors in the Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager has / will establish new classes of units from time to time specifically for Mainland distribution (will not be offered to Hong Kong investors) and the details of these new classes of units shall be found in the Mainland covering document which is available for Mainland investors only.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund aims to outperform the MSCI AC Asia Pacific ex Japan Index (the "Benchmark") over the cycle with a lower volatility, through an actively managed and diversified portfolio of Asia Pacific ex Japan equities and money market instruments (including cash). For investors in distribution classes, the Sub-Fund aims to provide a higher and more stable dividend distribution rate than the Benchmark. For investors in accumulation classes, the Sub-Fund aims to outperform the Benchmark over the cycle with lower volatility.

It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

Derivatives may be used for investment and hedging purposes.

Investment Strategy

The Sub-Fund will invest at least 80% of its Net Asset Value in Asia Pacific ex Japan equities and equity equivalent securities (examples include: American depository receipts, global

depository receipts) of companies which are domiciled in or exercising a large portion of their business activity in countries or regions such as Australia, Mainland China, Hong Kong, Indonesia, India, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand and Taiwan; but additional opportunities are also sought, whenever laws or regulations in other emerging markets in Asia allowing the Sub-Fund to invest in their markets or exchanges.

The Sub-Fund may invest up to 10% of its Net Asset Value in China A-Shares through the Stock Connects. The Sub-Fund does not intend to invest in China B-Shares. Any change to the foregoing investment policy may require prior approval of the SFC and the offering documents (including the Explanatory Memorandum and the product key facts statement) will be updated. Not less than 1 month's prior notice will be given to Unitholders for any change to the foregoing investment policy (if required).

Equity investments will be actively managed, looking for companies with sustainable dividends and/or attractive valuation, based on quantitative factors such as dividend yield, profitability ratios and valuation ratios, qualitative factors such as business model and corporate governance as well as other factors determined on a case by case basis. The Manager will also determine country or regions and sector allocation based on risk, macroeconomic outlook and other market factors.

In light of market conditions, up to 20% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments.

The Manager will not invest over 10% of the Sub-Fund's Net Asset Value in securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is below investment grade.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its Benchmark. In determining the ESG score of the Sub-Fund and the Benchmark, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for investment and hedging purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Stock Connects

Please refer to the section "Stock Connects" in this Explanatory Memorandum for further details.

Risks involved

Through its investments in equity, and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including (but not necessarily limited to) equity, market and volatility risk, currency risk, interest rate risk, credit risks, liquidity risks, counterparty risks, and political, economic and social risks. It should also be noted that investments by the Sub-Fund made in small and medium sized companies as well as in emerging markets may involve a higher degree of risk, due to higher risks of failure or bankruptcy and to a more reduced volume of

quoted securities, as well as to the accentuated movements that it implies. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risk of Small and Medium Sized companies

According to the objectives and investment strategy of the Sub-Fund, it may invest in emerging countries/regions which small and medium sized companies are commonly found. Investment in small and medium sized companies involves a higher degree of risk, due to higher risks of failure or bankruptcy and illiquid nature of the small and medium companies' shares. Investment in small and medium companies' shares are likely to have a higher risks of price volatility and the Sub-Fund may suffer losses.

Concentration Risk

As the investment objective and strategy of the Sub-Fund has a focus on the Asian (ex-Japan) region, the Sub-Fund may be subject to a greater degree of volatility and risk than a sub-fund which is diversified across different geographical regions.

Risks relating to Distribution Policy

For distribution classes, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The quarterly distribution of Distribution II class is subject to the performance of the Sub-Fund and is not guaranteed, and the Sub-Fund's assets for this Distribution II class available for investment will be further decreased after each quarterly dividend payment. Whilst this Distribution II class may have the potential of distributing more dividends by way of the quarterly distribution, it may forgo the reinvestment potential of these quarterly dividends. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the Class Currency of the hedged unit classes and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

In addition, returns to investors will vary from year to year depending on the dividend income and capital returns generated by the underlying investments.

RMB classes related risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to

policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. Accordingly, the investment in RMB classes of the Sub-Fund may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. As such, in case of sizable redemption requests for the RMB classes are received, the Manager has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the Sub-Fund for settlement purpose. In any event, for proper redemption requests received before the Dealing Deadline, realisation proceed will be paid no later than one calendar month after the relevant Dealing Day when the redemption requests were received.

For "non-hedged" RMB classes, since the unit prices of RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the Base Currency more than the increase in the value of the underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the Base Currency, and the value of the underlying investments decreased, the value of investors' investments in RMB classes may suffer additional losses.

For hedged RMB classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors will still be subject to the related risk for "non-hedged" RMB classes mentioned above. Hedged RMB classes will hedge the Sub-Fund's Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. This strategy will limit the hedged RMB classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please also refer to the "Hedging Risk" section below for details.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received

when selling the units) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

Early Termination Risk

The Sub-Fund may be terminated in certain circumstances which are summarised under the section headed "Termination of the Fund or any Sub-Fund" in the Explanatory Memorandum. In the event of the early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Units that had not yet become fully amortized may be debited against the capital of the Sub-Fund at that time.

Hedging Risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund's Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager is also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund's Base Currency.

Risk attached to use of derivatives

The Sub-Fund may invest in derivatives for investment and hedging purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/investment and the Sub-Fund may suffer losses.

Mainland China Market Risks

The Sub-Fund may invest in equities and equity equivalent securities of companies domiciled in or exercising a large portion of their business activities in Mainland China, but the Sub-Fund will not directly invest in Mainland China. The overall economic conditions in Mainland China may have a significant impact on the Sub-Fund's financial performance. Economic developments in Mainland China follow patterns different from those in Hong Kong and other developed countries or regions as a result of differences in various economic aspects including economic structure, living standard, growth rate, level of government intervention in the economy, allocation of resources and rate of inflation. Further, the interpretation or application of current laws or regulations in Mainland China may affect the Sub-Fund's investments. Investors should note that investing in Mainland China is also subject to the risks of investing in emerging markets generally.

Companies in Mainland China are required to follow the Mainland Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Mainland Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Renminbi is currently not a freely convertible currency and the Chinese government's control of currency conversion and future movements in exchange rates may affect the operations and financial results of the companies invested in by the Sub-Fund. Investors should also be aware that changes in the Mainland Chinese taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. The tax regulations in Mainland China are subject to change, possibly with retroactive effect. Changes in Mainland Chinese tax regulations could have a significant effect on the Sub-Fund and its investments.

Benchmark Risk

Although the objective of the Sub-Fund is to outperform the Benchmark over the cycle with a lower volatility, there is no guarantee or assurance that the Sub-Fund can always outperform the Benchmark. It is possible that the Sub-Fund underperforms the Benchmark and the Sub-Fund may suffer loss.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "Investment and Borrowing Restrictions". In addition, the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company.

The Sub-Fund will not be involved in any securities financing transactions.

The Manager will not invest over 10% of the Sub-Fund's Net Asset Value in securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is below investment grade.

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager will not invest in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading "Initial Offer Period" and "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

During the Initial Offer Period, the Units will be offered at the Initial Offer Price.

Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading “Subsequent Issues” in the section headed “Investing in the Sub-Fund”.

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic
Minimum Initial Subscription	USD1,000
Minimum Subsequent Subscription	USD1,000
Minimum Holding after any realisation	USD1,000

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, and minimum holding amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading “Realisation Procedure” in the section headed “Realisation of Units”.

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading “Payment of Realisation Proceeds” under the section headed “Realisation of Units”.

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic
Minimum Realisation Amount	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading “Payment of Realisation Proceeds” under the section headed “Realisation of Units”.

For RMB classes, realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion between the Class Category of Distribution and Accumulation of Class Classic is permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund of the Fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in another sub-fund of the Fund is only permissible if the conditions for conversion into that relevant class of such other sub-fund are met. Conversion from Class Classic of the Sub-Fund to Class Institutional I or Class Institutional II of another sub-fund is not permissible.

Fees and Expenses

Fees payable by investors:

Class	Classic	
	Current	Maximum
Preliminary Charge (% of Issue Price)	4.5%	4.5%
Realisation Charge (% of Realisation Price)	Nil	1%
Switching Fee (% of the Issue Price of the new units)	1%	1%

Fees payable from assets of the Sub-Fund:

Management Fee (per annum) (% of Net Asset Value of the relevant Class of the Sub-Fund)	Classic	
	Current	Max
	1.5%	1.75%
Trustee Fee (% of Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.	
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.	
Initial set-up fee	USD5,000 payable to the Trustee	
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.	

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD25,000 have been amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Distribution

Dividend distribution policy

For investors in accumulation classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution I Classes of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

In respect of the Distribution II Class of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. In addition, on quarterly basis, the Manager will declare and pay any amount which per unit exceeds the Initial Offer Price after declaring the dividend for that calendar month to those registered unitholders as at the end of the quarter (i.e. on the last Dealing Day of March, June, September and December). The dividend rate of the monthly and quarterly distribution is not guaranteed. The dividend rate of the monthly distribution is subject to the discretion of the Manager and the dividend rate of the quarterly distribution is subject to the performance of the Sub-Fund during the relevant quarter. In case where it is deemed necessary to dispose the Sub-Fund's assets for the sole purpose of making a quarterly distribution for Distribution II class, the relevant transaction costs incurred will be charged to Distribution II class only. The Manager may change the Sub-Fund's dividend distribution policy subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

Dividends, once declared, will be paid on the seventh Business Day after the relevant month or quarter. Payment of dividends is made in the currency of the relevant Class. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk[††].

[††] This website has not been reviewed by the SFC.

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading “Termination of the Fund or any Sub-Fund”.

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of all classes outstanding hereunder is less than USD30 million.

A class of Unit of the Sub-Fund may be terminated by the Manager on notice if the Net Asset Value of the Units of that class is less than USD2 million.

In case of termination, no less than one month’s notice will be given to Unitholders.

APPENDIX 6

AMUNDI HK – DISRUPTIVE OPPORTUNITIES EQUITY FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading or such other day or days as the Manager may determine from time to time;
"CAD"	means Canadian Dollar, the official currency of Canada;
"Class Category"	Each class can be either Accumulation or Distribution;
"Class Currency"	Class Classic: USD, HKD, RMB, AUD (hedged), CAD (hedged), EUR (hedged), GBP (hedged), NZD (hedged), RMB (hedged); Class Institutional I/II/III: USD;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"Initial Offer Period"	the Dealing Day on which the application for the Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following classes of Units, means –

	USD	HKD	RMB	AUD (hedged)
Classic	USD 10	HKD 10	RMB 10	AUD 10
Institutional	USD 10	n/a	n/a	n/a

	CAD (hedged)	EUR (hedged)	GBP (hedged)	NZD (hedged)
Classic	CAD 10	EUR 10	GBP 10	NZD 10
Institutional	n/a	n/a	n/a	n/a

	RMB (hedged)
Classic	RMB 10
Institutional	n/a

	(or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);
"Investment Adviser"	CPR Asset Management (CPR AM) as non-discretionary adviser;
"NZD"	means New Zealand dollar, the lawful currency of New Zealand
"Sub-Fund"	Amundi HK – Disruptive Opportunities Equity Fund;
"USD" or "US$" or "U.S. Dollars"	the lawful currency of the United States of America;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund.

- Class Classic USD – Accumulation
- Class Classic USD – Distribution
- Class Classic HKD – Distribution
- Class Classic RMB – Distribution
- Class Classic AUD (hedged) – Distribution
- Class Classic CAD (hedged) – Distribution
- Class Classic EUR (hedged) – Distribution
- Class Classic GBP (hedged) – Distribution
- Class Classic NZD (hedged) – Distribution
- Class Classic RMB (hedged) – Distribution
- Class Institutional I USD - Accumulation
- Class Institutional II USD - Accumulation
- Class Institutional III USD - Accumulation

Subject to regulatory requirements, the Manager has the discretion to establish new classes of Units from time to time.

The Sub-Fund has received approval from the China Securities Regulatory Commission for offering to investors in the Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager has / will establish new classes of units from time to time specifically for Mainland distribution (will not be offered to Hong Kong investors) and the details of these new classes of units shall be found in the Mainland covering document which is available for Mainland investors only.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to outperform global equity markets over a long-term period by investing in the shares of companies which are either established on or which benefit from, fully or partly, disruptive innovation business models.

Reference index:
As the Sub-Fund's management is based on a specific theme for which there is no benchmark index, a relevant benchmark index cannot be defined for this Sub-Fund. However, for information purposes only, the MSCI World Net Total Return Index (net dividends reinvested) will be used ex-post to assess the Sub-Fund's performance. This index acts as a reference to gauge the performance of the Sub-Fund without limiting its management. The information relating to the reference index is included for information purposes only. The Manager may change the reference index from time to time without giving prior notice to Unitholders.

Investment strategy

The Sub-Fund aims to achieve the investment objective by investing at least 75% of its Net Asset Value in a diversified portfolio of securities of companies which create a new market (such as through new products, services, solutions or distribution channels) that, in the opinion of the Manager, can challenge and may eventually overtake existing business models (known as "disruptive innovation companies"). These companies are developed based on a different

business model rather than more commonly used business models established in the relevant industry. The Manager considers that such disruptive innovation companies may benefit from the above structural changes by way of innovations, and could be identified from different economic sectors such as healthcare, internet economy, technology, industrials, environment, consumer discretionary, financials etc. Disruptive innovation companies are considered to have the potential for revolutionizing an industry and significant societal impact, which breakthrough an industry's conventional approach in doing business.

The Sub-Fund may invest up to 100% of its Net Asset Value in equities and equity equivalent securities (such as American depository receipts, global depository receipts). Depending on market conditions, up to 25% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments. The Sub-Fund will only invest up to 10% of its Net Asset Value in physical exchange traded funds.

The Sub-Fund may invest in China A shares via the Stock Connects within a maximum of 10% of its assets.

The Sub-Fund may invest in financial derivative instruments (such as warrants, options and futures) for hedging or investment purposes to the extent permitted under Chapter 7 of the Code on Unit Trusts and Mutual Funds and the provisions set out under the section above headed "INVESTMENT AND BORROWING RESTRICTIONS".

The Sub-Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in any one country, region or sector, except that the Sub-Fund will not invest more than 10% of its non-cash assets in Mainland China market. The Sub-Fund adopts a mix of top-down and bottom-up approach.

The Sub-Fund will not be involved in any securities financing transactions.

As a result of the Sub-Fund's investment objective and investment strategy that focuses on disruptive innovation businesses, the Sub-Fund is likely to show significant performance differences compared with a global equity index (e.g. MSCI World Net Total Return Index), over relatively extended time periods.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its reference index. In determining the ESG score of the Sub-Fund and the reference index, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may acquire financial derivative instruments for investment and hedging purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Stock Connects

Please refer to the section "Stock Connects" in this Explanatory Memorandum for further details.

Investment Adviser

The Manager has appointed CPR Asset Management (CPR AM) as investment adviser to provide investment advisory services in respect of the Sub-Fund. The Investment Adviser does not have discretionary investment management powers and the remuneration of the Investment Adviser shall be borne by the Manager.

Risks involved

Through its investments in equity, money-market instruments (including cash) and derivatives, the Sub-Fund is exposed to risks as stated in the "Risk Factors" section (p.25) of this Explanatory Memorandum, including investment risk, equity, market and volatility risk, currency risk, liquidity risks, counterparty risks, political, economic and social risks, risk of small and medium companies, FATCA risk, credit risk, credit ratings risk and risks associated with financial derivative instruments, hedging, pricing and preliminary expense amortization, auditors and interest rates. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risks relating to investment in disruptive innovation companies

The Sub-Fund mainly invests in disruptive innovation companies that are developed based on a different business model rather than more commonly used business models. The business model employed by these companies may not have a proven history of success and viability and some of these companies may be in their preliminary stage of development and may have a smaller operating scale and shorter operating history. Therefore their businesses are subject to higher uncertainty and more fluctuations in their performance. As a result, their stability and resistance to market risks may be lower. Hence, they are subject to higher market volatility and higher turnover ratios than companies that adopt more traditional and well-established business models. Companies pursuing disruptive innovation may be less profitable at the outset and the Sub-Fund may suffer losses by investing in them. The laws and regulations applicable to the disruptive innovations may be evolving which may have an adverse impact on the business models adopted by these companies, and thus affecting the value of the Sub-Fund.

Risks relating to Distribution Policy

For distribution classes, the Manager will declare and pay dividends every calendar month for those registered Unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected Unitholders. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the Class Currency of the hedged unit classes and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

In addition, returns to investors will vary from year to year depending on the dividend income and capital returns generated by the underlying investments.

RMB classes related risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. While the RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies, movement in RMB is still subject to policy control. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are influenced by government policy and market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. Accordingly, the investment in RMB classes of the Sub-Fund may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies.

RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Mainland authorities. Such exchange control policies and restrictions are subject to change, and the position of the Sub-Fund and its investors may be adversely affected. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. 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. As such, in case of sizable redemption requests for the RMB classes are received, the Manager has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the Sub-Fund for settlement purpose. In any event, for proper redemption requests received before the Dealing Deadline, realisation proceed will be paid no later than one calendar month after the relevant Dealing Day when the redemption requests were received.

For "non-hedged" RMB classes, since the unit prices of RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the Base Currency more than the increase in the value of the underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the Base Currency, and the value of the underlying investments decreased, the value of investors' investments in RMB classes may suffer additional losses.

For hedged RMB classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB classes may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors will still be subject to the related risk for "non-hedged" RMB classes mentioned above. Hedged RMB classes will hedge the Sub-Fund's Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. This strategy will limit the hedged RMB classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please also refer to the "Hedging Risk" section below for details.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange

rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. Non-RMB based investors are exposed to foreign exchange risk and there can be no assurance that RMB will not be subject to devaluation against the investors' base currencies (for example HKD). Any devaluation of RMB could adversely affect the value of investors' investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

Hedging risk

Each of the hedged classes of units will hedge the Sub-Fund's Base Currency (i.e. USD) back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager is also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund's Base Currency. The hedging strategy will limit the hedged classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against the hedged classes currency of denomination and investors have to bear the associated hedging costs which may be significant depending on the prevailing market conditions.

Early termination risk

The Sub-Fund may be terminated in certain circumstances which are summarised under the section headed "Termination of the Fund or any Sub-Fund" in the Explanatory Memorandum. In the event of early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Units that had not yet become fully amortised may be debited against the capital of the Sub-Fund at that time.

Concentration risk

The Sub-Fund's investments may be concentrated on specific countries, regions or sectors. The Sub-Fund may be adversely affected by or depend heavily on the performance of the particular countries, regions or sectors. Investors should also be aware that the Sub-Fund is likely to be more volatile than a broad-based fund which is diversified across different countries, regions or sectors.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "INVESTMENT AND BORROWING RESTRICTIONS".

The Sub-Fund will not be involved in any securities financing transactions.

The Manager will not invest more than 10% of the Sub-Fund's Net Asset Value in securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is rated below investment grade by an internationally recognised rating agency or unrated. In the event of split rating, the highest credit rating accredited to the relevant sovereign/government issuer will be deemed the reference credit rating.

Investing in the Sub-Fund

For details regarding the procedure for initial subscription and subsequent subscription, please refer to the Explanatory Memorandum under the heading "Initial Offer Period" and "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

During the Initial Offer Period, Units will be offered at the Initial Offer Price. Following the close of the Initial Offer Period, the Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund". The issue of Units in each class of the Sub-Fund is conditional upon the respective class achieving a minimum total subscription of USD2 million (or its equivalent in foreign currency) at the close of the Initial Offer Period. If the aforesaid minimum total subscription is not achieved at the close of the Initial Offer Period, the Manager may take any of those actions as set out in the Explanatory Memorandum under the heading "Application Procedure" in the section headed "Investing in the Sub-Fund". In the event that the Manager decides to extend the Initial Offer Period, it may extend the Initial Offer Period until such other dates as agreed between the Trustee and Manager.

For avoidance of doubt, both initial subscription during the Initial Offer Period and subsequent subscription will be subject to preliminary charge as indicated in the "Fees and Expenses" section on page 122 of the Explanatory Memorandum.

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class Currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Initial Subscription	USD1,000	USD1 million	USD5 million	Discretionary*
Minimum Subsequent Subscription	USD1,000	USD100,000	USD500,000	NA
Minimum Holding after any realisation	USD1,000	USD1 million	USD5 million	NA

* The Manager has the discretion to determine the minimum initial subscription amount.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, and minimum holding amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "REALISATION OF UNITS".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

For Class Classic RMB (hedged), realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion between the Class Category of Distribution and Accumulation of Class Classic is permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund of the Fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in the Sub-Fund or another sub-fund of the Fund is only permissible if the conditions for conversion into that relevant class are met. Conversion from Class Classic of the Sub-Fund to Class Institutional I or Class Institutional II or Class Institutional III of the Sub-Fund is not permissible.

Fees and Expenses

Fees payable by investors:

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	4.5%	4.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Realisation Charge (% of Realisation Price)	Nil	1%	Nil	1%	Nil	1%	Nil	1%

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Switching Fee (% of the Issue Price of the new units)	1%	1%	1%	1%	1%	1%	1%	1%

Fees payable from assets of the Sub-Fund:

Management Fee* (per annum) (% Net Asset Value of the relevant class of the Sub-Fund)	Classic		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max
	1.65%	2.00%	0.90%	1.20%	0.60%	0.80%	Discretionary(1)	
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.							
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.							
Initial set-up fee	Waived. A flat monthly fee of USD 500 for each additional class above 10 share classes.							
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of pocket expenses incurred by the Trustee.							

* The Manager has the discretion to waive all or part of the management fee that it is entitled to receive.

(1) Class Institutional III is designed to accommodate a charging structure whereby the investor has entered into a separate agreement with the Manager and the management fees are paid directly by the investor (i.e. the management fees payable in respect of the Class Institutional III will not be paid out of the assets of the Sub-Fund). Except for the management fees, all other fees (including Trustee Fee and Registrar's Fee), charges and expenses in respect of the Units of the Class Institutional III will be paid out of the assets of the Sub-Fund on a pro-rata basis.

General Expenses

The preliminary expenses of the Sub-Fund are estimated to amount to USD25,000 and will be amortised over the first three financial years from the close of the Initial Offer Period of the Sub-Fund. If the Sub-Fund is terminated prior to the expenses being fully amortised, such unamortised amount will be borne by the Sub-Fund before its termination. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Distribution

Dividend distribution policy

For investors in accumulation classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager will declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected unitholders.

Dividends, once declared, will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the currency of the relevant Class. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk[1] .

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of all classes outstanding hereunder is less than USD30 million. Each class of Units may be terminated by the Manager on notice if the Net Asset Value of the Units outstanding of that class is less than USD2 million.

In case of termination, no less than one month's notice will be given to Unitholders.

[1] This website has not been reviewed by the SFC.

APPENDIX 7

AMUNDI HK – GLOBAL BOND INCOME FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading and banks in the United Kingdom are open for normal banking business or such other day or days as the Manager may determine from time to time;
"CAD"	means Canadian Dollar, the official currency of Canada;
"Class Currency"	Class Classic: USD, HKD, RMB, RMB (hedged), JPY (hedged), AUD (hedged), CAD (hedged), EUR (hedged), GBP (hedged), NZD (hedged), SGD (hedged); and Class Institutional I/II/III: USD;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"JPY"	means Japanese Yen, the lawful currency of Japan;
"NZD"	means New Zealand dollar, the lawful currency of New Zealand;
"SGD"	means the Singapore Dollars, the lawful currency of Singapore;
"Sub-Fund"	Amundi HK – Global Bond Income Fund;
"Sub-Investment Manager"	Amundi (UK) Limited with registered address at 77 Coleman Street, London, EC2R 5BJ, United Kingdom;
"Sub-Sub-Investment Manager"	Amundi Asset Management with registered address at 91, boulevard Pasteur, 75015 Paris, France;
"USD" or "US$" or "U.S. Dollars"	the lawful currency of the United States of America;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;

"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the offering of Units of the following classes in the Sub-Fund.

- Class Classic USD – Accumulation
- Class Classic USD – Distribution
- Class Classic HKD – Accumulation
- Class Classic HKD – Distribution
- Class Classic RMB – Accumulation
- Class Classic RMB – Distribution
- Class Classic RMB (hedged) – Accumulation
- Class Classic RMB (hedged) – Distribution
- Class Classic JPY (hedged) – Distribution
- Class Classic AUD (hedged) – Distribution
- Class Classic CAD (hedged) – Distribution
- Class Classic EUR (hedged) – Distribution
- Class Classic GBP (hedged) – Distribution
- Class Classic NZD (hedged) – Distribution
- Class Classic SGD (hedged) – Distribution
- Class Institutional I USD – Accumulation
- Class Institutional II USD – Accumulation
- Class Institutional III USD – Accumulation

Subject to regulatory requirements, the Manager has the discretion to establish new classes of Units from time to time.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to seek to increase the value of your investment (mainly through income).

Investment strategy

The Sub-Fund is actively managed. The Sub-Fund will invest at least 70% of its Net Asset Value in corporate and government bonds and asset- and mortgage-backed securities. These investments may be anywhere in the world, including emerging markets, and may be below investment grade.

With the aim of providing recurring income, the Manager and/or its Investment Delegates combine a top-down allocation between fixed income assets, leveraging the platform's extensive range of expertise, with bottom-up securities selection and extensive credit research.

The Sub-Fund's investments may include the following up to the stated percentages of Net Asset Value:

- perpetual bonds: 30%
- subordinated bonds: 30%
- emerging markets: 30%
- onshore Mainland China bonds via China Interbank Bond Market (CIBM) through Bond Connect: 10%. The Sub-Fund may invest up to 10% of its Net Asset Value in onshore Mainland China securities.

- non-investment grade bonds and unrated bonds: less than 20%
- asset- and mortgage-backed securities (ABS/MBS): 10%

For the purposes of the Sub-Fund, investment grade bonds are defined as bonds which (or if bonds are unrated, the issuer of which) are rated at least BBB- by Standard & Poor's (or other equivalent credit ratings assigned by internationally recognised credit rating agencies). For split credit ratings, the highest rating assigned by an internationally recognised credit rating agency shall apply. Any bonds which (or the issuer of which) are not rated by any international rating agency such as Moody's, Standard & Poor's or Fitch will be considered as "unrated".

The Sub-Fund will invest a minimum of 50% of its Net Asset Value in USD denominated bonds. The Manager and/or its Investment Delegates aim to hedge non-USD investments to USD.

The Sub-Fund may invest in debt instruments with loss-absorption features ("LAP"), for example, contingent convertible bonds, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital under the Banking (Capital) Rules, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAP will be less than 30% of its Net Asset Value. The Sub-Fund may invest up to 20% of its Net Asset Value in contingent convertible bonds.

The Sub-Fund will not invest more than 10% of its Net Asset Value in debt securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is below investment grade or unrated.

The Sub-Fund may also invest in units or shares in other collective investment schemes on an ancillary basis.

Depending on market conditions, up to 20% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

Use of financial derivative instruments

The Sub-Fund may invest in financial derivative instruments for hedging, efficient portfolio management[‡‡] or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Bond Connect

Please refer to the section "Bond Connect" in this Explanatory Memorandum for further details.

[‡‡] Efficient portfolio management includes cost reduction, cash management, the orderly maintenance of liquidity and related practices (for instance, maintaining 100% investment exposure while also keeping a portion of assets liquid to handle redemptions of units and the buying and selling of investments). Efficient portfolio management does not include any activities that create leverage at the overall portfolio level.

Risks involved

Through its investments in debt securities and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section of this Explanatory Memorandum, including investment risk, liquidity risks, political, economic and social risks, currency risk, interest rates, credit risk, credit ratings risk, counterparty risks, custody risks, risks associated with hedging, financial derivative instruments, risks associated with collateral management and re-investment of cash collateral, pricing and preliminary expense amortization, auditors, risk of investing in other collective investment schemes, FATCA risk, RMB currency and conversion risk and risks associated with investment in the China Interbank Bond Market through Bond Connect. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Risk associated with debt securities

The Sub-Fund may invest, directly or indirectly via investments in the underlying funds, in debt securities and is thus subject to the following risks associated with debt securities:

- Credit / Counterparty risk: The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.
- Interest rate risk: Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- Volatility and liquidity risk: The debt securities in certain country/region markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.
- Downgrading risk: The credit rating of a debt security or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager and/or its Investment Delegates may or may not be able to dispose of the debt securities that are being downgraded.
- Risk associated with debt securities rated below investment grade or unrated: The Sub-Fund may invest in debt securities rated below investment grade by an internationally recognised rating agency or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- Sovereign/government debt risk: The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign/government issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign/government debt issuers.
- Valuation risk: Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.
- 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.

Risks associated with collateralised and/or securitised products (such as ABS/MBS)

The Sub-Fund invests in ABS/MBS which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risks compared to other debt securities. They are often exposed to extension and prepayment risks,

and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Perpetual bonds risk

The Sub-Fund may invest in perpetual bonds which are bonds without a maturity date. They may be exposed to additional liquidity risk in certain market conditions. In stressed market environments, the liquidity for such investments may be limited such that the price they may be sold at may be negatively impacted. This may in turn negatively impact the Sub-Fund's performance.

Subordinated bonds risk

Investments in subordinated bonds will have a lower priority of claim in the event of the relevant issuer's liquidation or bankruptcy as they rank behind holders of unsubordinated bonds but before holders of equity securities. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of subordinated bonds only after all claims by holders of unsubordinated bonds have been satisfied in full. The Sub-Fund is therefore exposed to higher credit / insolvency risk of its counterparties as a holder of subordinated bonds, and may suffer significant losses as a result.

Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Emerging market risk

The Sub-Fund may invest in emerging markets, which subjects the Sub-Fund to a higher level of market risk than investments in a developed country/region. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk (including risks arising from settlement procedures), custody risks, greater tax, economic and foreign exchange risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Risks relating to distribution policy

For the Distribution Classes, the Manager will pay dividends every calendar month for those registered Unitholders as at the end of a calendar month. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The amount of distributions for the Distribution Classes will be determined at the discretion of the Manager in terms of the relevant Class Currency and will not take into account the fluctuations in the exchange rate between the Base Currency of the Sub-Fund and the relevant Class Currency subsequent to the determination of the amount of distributions in terms of the relevant Class Currency.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the class currency of the hedged unit classes and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

Risks associated with investments in LAP

LAP are subject to greater 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 (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events 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. LAP may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible bonds, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. 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.

Risk attached to use of derivatives

The Sub-Fund may invest in derivatives for hedging, efficient portfolio management or investment purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/efficient portfolio management/investment and the Sub-Fund may suffer losses.

Hedging risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund's Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager and/or its Investment Delegates are also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager and/or its Investment Delegates will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund's Base Currency. The hedging strategy will limit the hedged classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against the hedged classes currency of denomination and investors have to bear the associated hedging costs which may be significant depending on the prevailing market conditions.

In addition, the Manager and/or its Investment Delegates aim to hedge non-USD investments to USD (i.e. the Base Currency). While this currency hedging strategy may protect the Sub-Fund against a decline in the value of the non-USD denominated underlying investments as a result of the exchange rate fluctuation against USD, on the other hand, it will limit the Sub-Fund

from benefiting from any potential gain resulting from the appreciation of the non-USD denominated underlying investments as a result of exchange rate fluctuation against USD.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "INVESTMENT AND BORROWING RESTRICTIONS".

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager and/or its Investment Delegates will not invest in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager and/or its Investment Delegates will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Sub-Investment Manager

The Manager has delegated to Amundi (UK) Limited (the "**Sub-Investment Manager**"), a private company limited by shares incorporated in England and Wales, the full responsibility for the investment management of the Sub-Fund's portfolio. The Sub-Investment Manager is part of the Amundi group and is one of the group's six international investment hubs. The Sub-Investment Manager has discretionary investment management powers and the remuneration of the Sub-Investment Manager shall be borne by the Manager.

The Sub-Investment Manager has further delegated to Amundi Asset Management (the "**Sub-Sub-Investment Manager**"), a simplified joint-stock company (Société par Actions Simplifiée) incorporated in France, the responsibility for the investment management of part of the Sub-Fund's portfolio, for which the Sub-Sub-Investment Manager has discretionary investment management powers. The remuneration of the Sub-Sub-Investment Manager shall be borne by the Sub-Investment Manager.

Investing in the Sub-Fund

For details regarding the procedure for subscription, please refer to the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

The Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

For avoidance of doubt, subscription will be subject to preliminary charge as indicated in the "Fees and Expenses" section on page 133 of the Explanatory Memorandum.

The minimum initial subscription, minimum subsequent subscription and minimum holding (in USD or equivalent in the relevant Class Currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Initial Subscription	USD1,000	USD1 million	USD20 million	Discretionary*
Minimum Subsequent Subscription	USD1,000	USD100,000	USD1 million	NA
Minimum Holding after any realisation	USD1,000	USD1 million	USD20 million	NA

* The Manager has the discretion to determine the minimum initial subscription amount.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, and minimum holding amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "REALISATION OF UNITS".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

For Class Classic RMB and Class Classic RMB (hedged), realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion between the Class Category of Distribution and Accumulation of Class Classic is permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund of the Fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in the Sub-Fund or another sub-fund of the Fund is only permissible if the conditions for conversion into that relevant class are met. Conversion from Class Classic of the Sub-Fund to Class Institutional I or Class Institutional II or Class Institutional III of the Sub-Fund is not permissible.

Fees and Expenses

Fees payable by investors:

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	Up to 4.5%	4.5%	Up to 4.5%	4.5%	Up to 4.5%	4.5%	Up to 4.5%	4.5%
Realisation Charge (% of Realisation Price)	Nil	1.0%	Nil	1.0%	Nil	1.0%	Nil	1.0%
Switching Fee (% of the Issue Price of the new units)	Up to 1.0%	1.0%	Up to 1.0%	1.0%	Up to 1.0%	1.0%	Up to 1.0%	1.0%

Fees payable from assets of the Sub-Fund:

Management Fee* (per annum) (% Net Asset Value of the relevant class of the Sub-Fund)	Classic		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max
	1.00%	1.50%	0.60%	1.00%	0.40%	1.00%	Discretionary(1)	
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.							
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.							
Initial set-up fee	A fee of USD3,000 plus USD50 for the daily valuation per unit class of the Sub-Fund.							
Out-of-pocket expenses	The higher of HKD3,500 per annum or the actual out-of-pocket expenses incurred by the Trustee.							

* The Manager has the discretion to waive all or part of the management fee that it is entitled to receive.

(1) Class Institutional III is designed to accommodate a charging structure whereby the investor has entered into a separate agreement with the Manager and the management fees are paid directly by the investor (i.e. the management fees payable in respect of the Class Institutional III will not be paid out of the assets of the Sub-Fund). Except for the management fees, all other fees (including Trustee Fee and Registrar's Fee), charges and expenses in respect of the Units of the Class Institutional III will be paid out of the assets of the Sub-Fund on a pro-rata basis.

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD29,000 have been amortised over the first 3 financial years from the launch date of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Financial Reports

The first financial year in respect of the Sub-Fund will be the period from inception and ending on 31 December 2025 and accordingly the first annual report of the Sub-Fund covering the aforesaid period will be available within four months after 31 December 2025. For further details regarding the availability of the annual reports and unaudited semi-annual reports thereafter, please refer to the Explanatory Memorandum under the heading "Financial Reports".

Distribution

Dividend distribution policy

For investors in Accumulation Classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager may, at its discretion, declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected Unitholders.

Dividends will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the form of cash payment in the currency of the relevant class of Units of the Sub-Fund. Dividends are generally paid out of investment income and interest of the Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk. This website has not been reviewed by the SFC.

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading “Termination of the Fund or any Sub-Fund”.

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of all classes outstanding hereunder is less than USD50 million. Each class of Units may be terminated by the Manager on notice if the Net Asset Value of the Units outstanding of that class is less than USD2 million.

In case of termination, no less than one month’s notice will be given to Unitholders.

APPENDIX 8

AMUNDI HK – GUARANTEED FUND 1
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"Base Currency"	U.S. Dollars;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading and banks in the U.S. and France are open for normal banking business or such other day or days as the Manager may determine from time to time;
"Class Currency"	Class Classic: USD;
"Dealing Day"	the last Business Day of each month or such other day or days as the Manager and the Trustee may determine from time to time, provided that where a day scheduled to be a Dealing Day is determined not to be a Business Day, the Dealing Day shall be the next Business Day, unless the Manager and Trustee determine otherwise;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"First Payout"	a guaranteed payout of a minimum rate of 1.5% of the Initial Offer Price per Unit[§§] to be published in the Fund Calendar minus New Payment Obligations (if any)[***] which will be received by investors if they remain invested in the Sub-Fund until the First Payout Date. The First Payout is guaranteed by the Guarantor on the First Payout Date;
"First Payout Date"	a date falling on or around 6 months after the launch date of the Sub-Fund, and to be determined by the Manager and published in the Fund Calendar. Investors must remain invested in the Sub-Fund until this date to receive the First Payout;
"Fund Calendar"	a document to be published within 5 Business Days from the launch date of the Sub-Fund on the Manager's website at http://www.amundi.com.hk (this website has not been reviewed by the SFC), containing various important dates and information throughout the life of the Sub-Fund as indicated in this Appendix, and such dates and information shall be final and binding on all Unitholders unless the Manager determines otherwise;
"Guaranteed Value"	100% of the Initial Offer Price per Unit[§§] plus a gain (if any) calculated based on the pre-defined formula in the "Payouts to investors" sub-section of this Appendix, which is linked to the

[§§] For the avoidance of doubt, the First Payout or the Guaranteed Value (as the case may be) will only be calculated based on the Initial Offer Price per Unit of the Sub-Fund and will not cover any Preliminary Charge paid by investors as part of their initial subscription proceeds.

[***] In the event of a change in laws and regulations resulting in the creation of New Payment Obligations for the Sub-Fund and in particular a direct or indirect financial charge of a fiscal or other nature, the First Payout or the Guaranteed Value (as the case may be) may be reduced by the effect of the New Payment Obligations.

	performance of the Reference Index during the Sub-Fund's investment period, minus New Payment Obligations (if any)***. The Guaranteed Value is guaranteed by the Guarantor on the Maturity Date;
"Guarantor"	Amundi Finance;
"Initial Offer Period"	from 7 July 2025 to 25 July 2025, or such other Dealing Day on which the application for the Units of such class by investor(s) is first accepted (or such other date or dates as may be agreed between the Trustee and the Manager);
"Initial Offer Price"	in relation to the following class of Units, means – Class Classic USD – USD 100 (or such other sum which the Manager may determine prior to the commencement of the Initial Offer Period);
"Minimum Total Subscription Amount"	being USD50 million for the Sub-Fund, or such other minimum amount as may be determined by the Manager at its sole discretion;
"Maturity Date"	the date on which the Sub-Fund will be automatically terminated, which is expected to be on or around 13 August 2027 and published in the Fund Calendar;
"Monthly Fixing Dates"	the dates for determining the relevant value of the Reference Index for the purpose of calculating the Index Performance Payout (as defined below), such dates to be determined by the Manager and published in the Fund Calendar;
"New Payment Obligations"	any new obligations created for the Sub-Fund in the event of a change in laws and regulations in force at the date of creation of the Sub-Fund;
"Reference Index"	S&P 500® Daily Risk Control 5% USD Excess Return Index;
"Second Payout"	the higher of (a) the Guaranteed Value, or (b) the Net Asset Value of the Sub-Fund on the Maturity Date calculated based on all assets of the Sub-Fund (including the payout from the FDIs (as defined below) invested by the Sub-Fund), which will be received by investors if they remain invested in the Sub-Fund on the Maturity Date;
"Sub-Fund"	Amundi HK – Guaranteed Fund 1;
"Sub-Investment Manager"	Amundi Asset Management with registered address at 91-93, boulevard Pasteur, 75015 Paris, France;
"USD" or "US$" or "U.S. Dollars"	the lawful currency of the United States of America;
"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;

"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the initial and subsequent offering of Units of the following classes in the Sub-Fund.

- Class Classic USD

Subject to regulatory requirements, the Manager has the discretion to establish new classes of Units from time to time.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to provide the First Payout and the Second Payout.

The Sub-Fund seeks to achieve its investment objective by investing primarily in a portfolio of USD denominated investment grade debt securities and/or cash and cash equivalents (including money market funds), while using financial derivative instruments ("**FDIs**") for both hedging and investment purposes, over a fixed investment period of approximately 24 calendar months from the close of the Initial Offer Period up to the Sub-Fund's Maturity Date.

Investment strategy

The following list shows the exposures of the Sub-Fund to different asset classes (in terms of % of the Sub-Fund's Net Asset Value):

1. Debt securities (up to 100%); and

2. Cash and cash equivalents, including money market funds (up to 20%).

The debt securities invested by the Sub-Fund will be denominated in USD. Debt securities investments will be rated investment grade and issued by sovereign/government and corporate issuers in Organisation for Economic Co-operation and Development ("**OECD**") countries.

For the purposes of the Sub-Fund, investment grade debt securities are defined as debt securities which (or if such securities are unrated, the issuer of which) are rated at least BBB- by Standard & Poor's (or other equivalent credit ratings assigned by internationally recognised credit rating agencies). For split credit ratings, the highest rating assigned by an internationally recognised credit rating agency shall apply. Any debt securities which (or the issuer of which) are not rated by any international rating agency such as Moody's, Standard & Poor's or Fitch will be considered as "unrated". When the credit rating of an instrument or issuer falls below investment grade or its credit profile deteriorates in the opinion of the Manager and/or the Sub-Investment Manager after initial purchase, the Manager and/or the Sub-Investment Manager will, at their full discretion, decide whether to hold or sell such instrument after considering various factors, including but not limited to risk of default, time to maturity, liquidity and market price, and re-invest the sale proceeds in other debt securities within the scope of the above investment strategy.

The Sub-Fund will also use FDIs (such as options) which will enable it to obtain throughout its investment period an amount which, taking into account the securities in the portfolio, will enable it to achieve its investment objective. Please refer to the "Use of financial derivative

instruments" sub-section below for further details of the FDI strategy which will be used by the Sub-Fund.

The Sub-Fund will not invest in any LAP, asset-backed securities or mortgage-backed securities.

The Manager and/or the Sub-Investment Manager currently do not intend to enter into any securities financing transactions in respect of the Sub-Fund.

The asset allocation of the Sub-Fund will depend on the Manager's and/or the Sub-Investment Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

At least 90% of the Sub-Fund's underlying investments will be shorter than the Sub-Fund's investment period. Proceeds received from instruments maturing before the Maturity Date shall be reinvested or held in term deposits, money market instruments, short-term debt instruments and other cash and cash equivalents at the Manager's and/or the Sub-Investment Manager's discretion. Within the six-month period immediately preceding the Maturity Date, the Sub-Fund may invest more than 30% of its Net Asset Value in money market instruments, US Treasury bills / notes and/or other short-term debt instruments. Further, within the three-month period immediately preceding the Maturity Date, the Sub-Funds may hold up to 100% of its Net Asset Value in cash and cash equivalents (including money market funds) in anticipation of distributing investment proceeds to investors upon the Sub-Fund's maturity. Consequently, the investments held by the Sub-Fund may not be reflective of the Sub-Fund's investment strategy disclosed herein upon the maturity of the Sub-Fund's underlying investments in debt securities as the Maturity Date approaches.

Investment period

The Sub-Fund is expected to have an investment period of approximately 24 calendar months and the Sub-Fund will be terminated automatically at the Maturity Date. Unitholders will be notified by way of a termination notice at least one month prior to the Maturity Date to confirm the termination of the Sub-Fund. All Units will be compulsorily redeemed at the Maturity Date and the Second Payout will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date).

The preliminary expenses of the Sub-Fund and any costs associated with the termination of the Sub-Fund will be borne by the Sub-Fund. The preliminary expenses and the termination costs of the Sub-Fund are estimated to be approximately USD60,000 and USD41,000 respectively and shall be amortised over the period from the close of the Initial Offer Period up to the Maturity Date, and any costs in excess will be borne by the Manager.

Payouts to investors

The Sub-Fund will make two payouts to investors as follows:

(i) If investors remain invested in the Sub-Fund until the First Payout Date, they will receive the First Payout of an amount equal to a minimum rate of 1.5% of the Initial Offer Price per Unit[§§] minus New Payment Obligations (if any)[***]. The rate of the First Payout will be published in the Fund Calendar. The First Payout will first be distributed out of the investment income of the Sub-Fund. If the investment income of the Sub-Fund is not sufficient to provide such payout, such payout will be made out of capital and/or effectively

out of capital of the Sub-Fund.[†††] If investment income and capital are still not sufficient to provide such payout, the Guarantor will subsidise the remaining amount of such payout.

(ii) If investors remain invested in the Sub-Fund on the Maturity Date, they will receive the Second Payout which is the higher of (a) Guaranteed Value, or (b) the Net Asset Value of the Sub-Fund on the Maturity Date calculated based on all assets of the Sub-Fund (including the payout from the FDIs invested by the Sub-Fund). The Guaranteed Value is an amount equal to 100% of the Initial Offer Price per Unit[§§] plus a gain (if any) calculated based on the pre-defined formula below (the "**Index Performance Payout**") minus New Payment Obligations (if any)[***].

The Index Performance Payout will be calculated as follows:

Participation Rate x Average Index Performance (the Average Index Performance is capped at 15%) x Initial Offer Price[§§]

where:

- Participation Rate ("PR") = a rate to be published in the Fund Calendar and applied to the FDIs and is currently estimated at 80% (please note that the actual participation rate may be different from the estimated rate) and will be between 70% and 80%. The PR has the effect of diluting the performance of the Reference Index for the purpose of calculating the Index Performance Payout under the FDIs. Therefore, investors in the Sub-Fund may potentially receive a lesser return than if they had directly invested in the Reference Index.

- Average Index Performance = $\frac{\text{Average Index}}{\text{Initial Index}} - 1$, capped at 15%

- Initial Index = Closing price[‡‡‡] of the Reference Index on the launch date of the Sub-Fund

- Average Index = Average of the closing price[‡‡‡] of the Reference Index as at the Monthly Fixing Dates during the Sub-Fund's investment period of approximately 24 calendar months

- If the Average Index Performance calculated in accordance with the formula above is negative, the Index Performance Payout will be zero.

Use of financial derivative instruments

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

At the launch of the Sub-Fund, the Sub-Fund will purchase a basket of assets in accordance with its investment policy using the subscription proceeds from investors, and the Sub-Fund may also hold cash and cash equivalents including money market funds. The Sub-Fund will enter into an OTC option contract[§§§], in which the Sub-Fund will exchange an upfront option

[†††] This may amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

[‡‡‡] For the avoidance of doubt, since the Reference Index is a US-based index, the closing price will be determined at close of US markets on the launch date / Monthly Fixing Dates, which will be a time on the day after the respective launch date / Monthly Fixing Dates when converted to the Hong Kong time zone.

[§§§] The OTC option contract will be an Asian option, which is a type of option where the payoff depends on the average price of the underlying asset over a certain period of time, as opposed to standard options where the payoff depends on the price of the underlying asset at a specific point in time e.g. at expiration of the option.

premium[****] against a payout which will enable it to obtain throughout its investment period an amount which, taking into account the securities in the portfolio, will enable it to achieve its investment objective. The strike price of the OTC option contract corresponds to the Initial Index, as defined in the "Payouts to investors" sub-section above.

The portfolio of the Sub-Fund is expected to generate returns that will be used to pay the fees and expenses of the Sub-Fund during the investment period, the First Payout and the Second Payout. If necessary, the Guarantor will pay to the Sub-Fund, at the request of the Sub-Investment Manager, the sums due in order to make up for the shortfall under the guarantee. Investors will receive the First Payout and the Second Payout if they remain invested in the Sub-Fund until the First Payout Date and until the Maturity Date respectively.

Please refer to the heading "Criteria for selecting counterparties" in Annexure B to this Explanatory Memorandum for the criteria for selecting the counterparty of the OTC option.

Investors should note that subsequent to the launch of the Sub-Fund, it will use FDIs including entering into an OTC option contract to enable it to achieve its investment objective, and such underlying position is not intended to be adjusted for the purpose of preserving the First Payout, the Second Payout and the Guaranteed Value. As a result, under normal market conditions, due to the market movement, for a limited period of time following the Sub-Fund's launch, the net derivative exposure of the Sub-Fund may passively exceed 50% of its Net Asset Value on a temporary basis.

Reference Index

The Reference Index is published by S&P Dow Jones Indices LLC (the "**Index Provider**") and is available at www.spglobal.com (this website has not been reviewed by the SFC).

The Reference Index is S&P 500® Daily Risk Control 5% USD Excess Return Index, (Bloomberg Ticker: SPXT5UE Index). The S&P 500® Daily Risk Control 5% USD Excess Return Index represents a portfolio consisting of the S&P 500® and a cash component accruing interest that dynamically adjusts to target a 5% level of volatility. Volatility is calculated as a function of historical returns that uses exponential weightings to give more significance to recent observations.

The S&P 500® (the "**Underlying Index**") includes 500 large-cap U.S. leading companies and covers approximately 80% of the U.S. equity market's available market cap.

The index uses an overlay designed to maintain risk up to 5% volatility. The risk control framework is applied to the Underlying Index and helps to reduce portfolio volatility to the 5% target by moving a portion of the portfolio allocation from the underlying index to cash in volatile markets and from cash to the underlying index in less volatile markets.

S&P 500® Daily Risk Control 5% USD Excess Return Index is an index of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and has been licensed for use by Amundi Asset Management. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). The Sub-Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500® Daily Risk Control 5% USD Excess Return Index.

[****] The estimated amount of the Sub-Fund (as a % of the Sub-Fund's Net Asset Value at the launch of the Sub-Fund) that invest in OTC option corresponding to the minimum parameters (i.e. the rate of the First Payout being 1.5%, and the PR being 70%) will be between 3.0% to 5.0%. Please note that subject to the market condition at the launch date, the actual amount may be different from the estimation.

Adjustment to the Reference Index

(1) If the Reference Index is:

(a) not calculated and published by the Index Provider, but by a third party acceptable under normal market practice (the "**Successor Index Provider**"), the index calculated by the Successor Index Provider will be deemed to be the Reference Index; or

(b) is replaced by another index whose characteristics, under normal market practice, are substantially similar to those of the Reference Index, then the Index Provider will be responsible for calculating and publishing that index which will be deemed to be the Reference Index.

(2) In the event that:

(a) there is a significant change of the formula or method of calculating the Reference Index (other than a change in accordance with the rules operating rules of the Reference Index); or

(b) the Reference Index is not calculated and/or published,

and if the Reference Index has not been replaced (under the conditions mentioned in (1) above), a Reference Index level will be determined using the last formula or method of calculating the Reference Index in force prior to the event. Only the shares making up the Reference Index prior to the event in question and still traded on the reference exchange(s) will be taken into account to determine the level of the Reference Index.

Further details on the payout structure

First Payout

The First Payout will first be distributed out of the investment income of the Sub-Fund. If the investment income of the Sub-Fund is not sufficient to provide such payout, such payout will be made out of capital and/or effectively out of capital of the Sub-Fund[††††]. If investment income and capital are still not sufficient to provide such payout[‡‡‡‡], the Guarantor will subsidise the remaining amount of such payout.

First Payout and Second Payout

The First Payout and Second Payout are subject to the limitations on the guarantee, including where there is a change in the laws and regulations or where the Guarantor is required to deduct or withhold any taxes, duties or charges under any applicable law in relation to a payment under the guarantee, in which case the First Payout and the Guaranteed Value (and hence the Second Payout) may drop. The level of the Second Payout is also subject to the performance of the Reference Index.

Investors should note that the First Payout and the Guaranteed Value (and hence the Second Payout) are subject to the credit / counterparty risk associated with the Guarantor, early termination risk, and risks associated with the operations of the Sub-Fund as to early redemption, Realisation Charges and fiscal charges etc. Please refer to the "Key terms of the guarantee" and "Risks involved" sections below for further details of these risks and limitations.

[††††] This may amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

[‡‡‡‡] Such as where there is a failure (or default) of a market counterparty of the OTC option contract to pay the payout under the contract on time, or where there is a default of a bond issuer in the Sub-Fund's portfolio.

Fund Calendar

A "Fund Calendar" will be published within 5 Business Days from the launch date of the Sub-Fund on the Manager's website at http://www.amundi.com.hk (this website has not been reviewed by the SFC), containing various important dates and information throughout the life of the Sub-Fund as indicated in this statement to be determined by the Manager and published in the Fund Calendar, including:

- First Payout Date;

- Rate of the First Payout;

- Monthly Fixing Dates: the dates for determining the relevant value of the Reference Index for the purpose of calculating the Index Performance Payout;

- Participation Rate: the rate applied to the FDIs for calculating the Index Performance Payout under the FDIs; and

- Maturity Date.

Key terms of the guarantee

The Guarantor, Amundi Finance, guarantees to the Sub-Fund (a) the First Payout determined in accordance with paragraph (i) of the "Payouts to investors" sub-section above on the First Payout Date, and (b) the Guaranteed Value on the Maturity Date determined in accordance with paragraph (ii) of the "Payouts to investors" sub-section above.

Amundi Finance is incorporated under French law and licensed by the Autorité de contrôle prudentiel et de résolution (ACPR) (ex. Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI)) under number 14328 Z as a specialized credit institution and investment services provider. As of 31 December 2024, Amundi Finance has a paid-up share capital of €40,320,157 and total net assets of around €590 million. Amundi Finance has not been assigned a credit rating. Amundi Finance belongs to the Amundi group, whose long-term credit rating is A+, with a stable outlook (Fitch's Germany office, a branch of Fitch Ireland Ratings Limited).

The First Payout and the Guaranteed Value are only applicable to investors who hold their Units in the Sub-Fund until the First Payout Date and the Maturity Date respectively. In other words, investors must remain invested in the Sub-Fund until the First Payout Date and the Maturity Date to enjoy the First Payout and the Guaranteed Value respectively.

The Guaranteed Value will not be applicable to investors redeeming before the Maturity Date or in the event of early termination of the Sub-Fund, and the Realisation Price in such cases will be based on the prevailing Net Asset Value of the Sub-Fund. The Realisation Price for realisations before the Maturity Date will also be subject to Realisation Charge and, where applicable, fiscal and sale charges. Before the Maturity Date on which the guarantee is activated, the Net Asset Value of the Sub-Fund may be lower than the Guaranteed Value. As a result of the investments put in place to achieve the pre-defined payout at maturity, the performance of the Net Asset Value of the Sub-Fund may differ from that of the Reference Index.

In the event of the implementation of its guarantee, the Guarantor will pay to the Sub-Fund, at the request of the Sub-Investment Manager, the sums due in this respect.

The guarantee is given on the basis of the laws and regulations in force at the date of creation of the Sub-Fund. In the event of a change in these laws and regulations resulting in the creation of New Payment Obligations for the Sub-Fund and in particular a direct or indirect financial

charge of a fiscal or other nature, the First Payout or the Guaranteed Value (as the case may be) may be reduced by the effect of the New Payment Obligations. In this case, the Sub-Fund's investors will be informed by the Manager. Any change to the guarantee is subject to the prior approval of the SFC.

Termination conditions of guarantee

The Guarantor may terminate the guarantee in case of early termination of the Sub-Fund (i.e. termination of the Sub-Fund before the Maturity Date). Unitholders will be informed at least one month in advance so that they will be able to request for the redemption of their Units free of Realisation Charge until the effective termination date of the Sub-Fund.

Taxation policy change

Investors are reminded that if the Guarantor is required to deduct or withhold any taxes, duties or charges under any applicable law in relation to a payment under the Guarantee, then the Guarantor shall (i) deduct or withhold from any payment to be made under the guarantee the amount of such taxes, and promptly remit it to the relevant Government Agency; and (ii) notify and produce appropriate documentary evidence to the Trustee and the Manager that such payment has been made and the amount payable by the Guarantor to the Sub-Fund under the guarantee shall be reduced accordingly.

Under such circumstances, Unitholders shall receive an amount from the Sub-Fund reflecting such deduction or withholding. The Guarantor shall not be under any obligation to pay any additional amount under the guarantee to make up the shortfall resulting from such deduction or withholding.

In the occurrence of any changes to the applicable laws and regulations which may require for such deduction or withholding of any taxes, duties or charges from the payment to the Sub-Fund by the Guarantor, the Manager will inform Unitholders of the details of such changes to the applicable laws and regulations and the arrangements of the consequential deduction or withholding as soon as reasonably practicable. The Explanatory Memorandum will be updated accordingly, if necessary.

Please refer to the illustrative example below for details:

Assume there is change to the applicable law such that a new tax obligation of 5% is imposed by the relevant authorities on payments to be paid by the Guarantor or to be received by the Sub-Fund. When the Guarantor pays a guarantee payment to the Sub-Fund, the Guarantor will be entitled to deduct or withhold from such guarantee payment an amount in accordance with the new tax obligation. As a result, the sums received by the Sub-Fund will be decreased proportionally to take into account such new tax obligation.

Numerical illustration:	
Net Asset Value of the Sub-Fund at maturity (before guarantee provision)	USD 100.3 per Unit
Guaranteed Net Asset Value at maturity	USD 100.5 per Unit
Outstanding Units of the Sub-Fund	10M Units
Guarantee payment to be received by the Sub-Fund from the Guarantor (before withholding for the new tax obligation as required by applicable law)	USD (100.5-100.3) x 10M Units = USD2M
5% of tax obligation required to be withheld or deducted	USD2M x 5% = USD100,000 (equivalent to USD0.01 per Unit)

Numerical illustration:	
Net payment received by the Sub-Fund from Guarantor (after 5% tax withholding as required by applicable law)	USD2M – USD100,000 = USD1.9M
If an investor redeems 100 Units, he will receive USD10,049 due to the effect of the tax deduction, i.e. (USD 100.5 per Unit x 100 Units) – (USD0.01 per Unit x 100 Units) = USD10,049.	

M = million

Scenarios analysis

	Item	Worst case scenario	Base case scenario	Better case scenario	Best case scenario
A.	Initial Offer Price per Unit (USD)§§	$100	$100	$100	$100
B.	First Payout of 1.5%+ on the First Payout Dateα	$1.5+	$1.5+	$1.5+	$1.5+
C.	Net Asset Value ("NAV") per Unit on the Maturity Date (USD) (before guarantee provision)	$85*	$100*	$95*	$110*
D.	Initial Index	100	100	100	100
E.	Average Index	80	100	110	130
F.	PR	80%^	80%^	80%^	80%^
G.	Average Index Performance (E / D - 1)@	-20%	0%	10%	30% but capped at 15%
H.	Index Performance Payout per Unit on the Maturity Date (F x G x A) (USD)	$0#	$0	$8	$12
I.	Guaranteed Value (A + H)β	$100	$100	$108	$112
J.	Second Payout& (higher of (i) C or (ii) I)β	$100	$100	$108	$112
K.	Total return on investment (B + J)αβ	$101.5	$101.5	$109.5	$113.5

+ The actual rate of the First Payout may be different from the indicative rate.

α In the event of a change in laws and regulations resulting in the creation of New Payment Obligations for the Sub-Fund, the First Payout may be reduced to less than $1.5. Accordingly, the total return on investment may be negatively affected and reduced by the amount of such New Payment Obligations.

* For illustration purpose only and does not represent the lowest or the highest NAV per Unit that the Sub-Fund may achieve.

^ The actual participation rate may be different from the indicative rate.

@ The Average Index Performance is capped at 15%.

Since the calculated figure is negative, the Index Performance Payout is zero.

[&] The Second Payout is the higher of (a) Guaranteed Value, or (b) the NAV of the Sub-Fund on the Maturity Date calculated based on all assets of the Sub-Fund (including the payout from the FDIs invested by the Sub-Fund).

[β] In the event of a change in laws and regulations resulting in the creation of New Payment Obligations for the Sub-Fund, the Guaranteed Value and the Second Payout may be reduced to less than $100 (the Initial Offer Price per Unit[§§]). Accordingly, the total return on investment may be negatively affected and reduced by the amount of such New Payment Obligations.

The above scenarios illustrate the total payout the investor will receive if he remains invested in the Sub-Fund on the Maturity Date assuming the investor purchased the Units of the Sub-Fund at the Initial Offer Price per Unit of USD100[§§]. The total payouts shown are for illustrative purpose only and the actual return may be different.

Liquidation Mechanism of the Sub-Fund

The Manager has established a general policy where, to the extent practicable, it would liquidate underlying assets to meet redemption to ensure that the Sub-Fund's investment mandate and risk profile are maintained as much as possible. The Manager will also communicate regularly with the distributors to understand the underlying investors' redemption pattern to prepare for potential redemption requests.

The Manager and/or the Sub-Investment Manager will regularly perform liquidity risk assessment and stress testing to ensure the Sub-Fund has sufficient liquidity to meet redemption demands.

Risks involved

Through its investments in debt securities and money-market instruments (including cash), the Sub-Fund is exposed to risks as stated in the "Risk Factors" section of this Explanatory Memorandum, including investment risk, liquidity risks, political, economic and social risks, currency risk, interest rates, credit risk, credit ratings risk, counterparty risks, custody risks, FATCA risk, risks associated with collateral management and re-investment of cash collateral, and risks associated with hedging, financial derivative instruments, pricing and preliminary expense amortization and auditors.

The Sub-Fund is likely to be subject to the following additional risks:

General investment risk

In addition to the "Investment risk" as stated in the "Risk Factors" section of this Explanatory Memorandum, investors should be aware that potential returns in excess of the Guaranteed Value are subject to investment risk and are not guaranteed, i.e. there is no guarantee that the Sub-Fund will achieve a Net Asset Value higher than the Guaranteed Value on the Maturity Date.

Risks associated with the operations of the Sub-Fund

Credit / Counterparty risk associated with the Guarantor

Although the Guarantor guarantees (i) the First Payout on the First Payout Date and (ii) the Guaranteed Value on the Maturity Date, the guarantee is subject to the credit risk of the Guarantor. If the Guarantor defaults, the benefit of the guarantee may be lost. The Sub-Fund is exposed to the credit risk of Amundi Finance, which is the Guarantor of the Sub-Fund.

Dilution of performance risk

Investors should be aware that there may be a dilution of performance due to the operation of the guarantee structure because part of the investment returns of the Sub-Fund may need to be set aside to pay the fees of the Guarantor.

Limitation of the guarantee

Investors should note that if they do not remain invested in the Sub-Fund until the First Payout Date, they will not be entitled to the First Payout.

Investors should also note that the Guaranteed Value is only guaranteed by the Guarantor at the Maturity Date. The Guaranteed Value will not be applicable to investors redeeming before the Maturity Date or in the event of early termination of the Sub-Fund, and the Realisation Price in such cases will be based on the prevailing Net Asset Value of the Sub-Fund, which may be lower than the Initial Offer Price[§§]. For redemptions before the Maturity Date, investors will also be subject to Realisation Charge and, where applicable, fiscal and sale charges as further detailed the heading "Payment of Realisation Proceeds" in the section "Realisation of Units" of the Explanatory Memorandum.

In the event of a change in laws and regulations resulting in the creation of New Payment Obligations for the Sub-Fund and in particular a direct or indirect financial charge of a fiscal or other nature, the First Payout or the Guaranteed Value (as the case may be) may be reduced by the effect of the New Payment Obligations.

Limitation of the duration of the Sub-Fund

Investors should note that the duration of the Sub-Fund is limited (i.e. up to the Maturity Date). The Sub-Fund will be terminated automatically at maturity and is expected to have an investment period of approximately 24 calendar months. Although investors are entitled to redeem their holdings in the Sub-Fund during the investment period, they are advised to consider whether the expected investment period of approximately 24 calendar months is suitable for their intended objectives before they invest in the Sub-Fund.

In view of the Sub-Fund's operational features, in case investors redeem from the Sub-Fund before the First Payout Date, they will not be entitled to receive the First Payout and the Second Payout; in case investors redeem from the Sub-Fund after the First Payout Date but before the Maturity Date, they will not be entitled to receive the Second Payout. In either case: (a) they may be subject to Realisation Charge and, where applicable, fiscal and sale charges, if they redeem before the Maturity Date, as explained in "Limitation of the guarantee" above; (b) the decrease in fund size of the Sub-Fund resulting from the realisations will have an immediate impact on the ongoing charges figure (as a percentage of the Sub-Fund's Net Asset Value), and may lead to adverse impact on investors' return; (c) the realisations by investors prior to the Maturity Date, if significant, may trigger the early termination of the Sub-Fund (details of triggering events are set out under the section "Early termination risk"); and (d) deterioration in the liquidity of the Sub-Fund's underlying investments may also affect the Sub-Fund's ability to pay out realisation or termination proceeds to investors.

Substantial realisation risk

If there are substantial realisations within a short period of time, the Sub-Fund may need to liquidate some positions prematurely at an inopportune time or on unfavourable terms. The value of the Sub-Fund may therefore be adversely affected. In addition, the resulting decrease in the size of the Sub-Fund may immediately increase the ongoing charges of the Sub-Fund as a percentage of the Sub-Fund's Net Asset Value and may have an adverse impact on investors' return. Substantial realisations may render the size of the Sub-Fund to shrink

significantly and trigger the Sub-Fund to be early terminated (see "Early termination risk" below).

Early termination risk

The Sub-Fund may be terminated before the Maturity Date in certain exceptional circumstances, including where, in relation to the Sub-Fund, the Net Asset Value of the Units outstanding thereunder is less than USD300,000 (or its equivalent in other currencies) or where such termination is mandatory for regulation reasons. To the extent possible, Unitholders will be notified by way of a termination notice at least one month prior to the early termination date.

In the event of early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. The guarantee may be terminated in the event of early termination of the Sub-Fund and hence investors will lose the benefit of the guarantee in such event. Under the above circumstances, all Units held by Unitholders will be compulsorily redeemed at a time and at a price that may be undesirable to Unitholders and may be lower than the Guaranteed Value. Unitholders will not be entitled to nor compensated for any gains which would be made if the Sub-Fund were not terminated early. Moreover, any termination costs which have been amortised up to the early termination date will be utilised to pay the Sub-Fund's expenses associated with the termination and any expenses in excess will be borne by the Manager.

Limited subscription risk

The offering of a Class of Units of the Sub-Fund may be conditional upon the Minimum Total Subscription Amount being received on or prior to the close of the Initial Offer Period.

In the event that (i) the Minimum Total Subscription Amount is not received during the Initial Offer Period or (ii) the Manager is of the opinion that it is not in the commercial interests of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the launch (including where the Manager is unable to secure (at normal commercial rates) FDIs which would enable the First Payout to be at least 1.5% or the PR to be at least 70%), the Manager may in its discretion extend the Initial Offer Period for the relevant Class of Units of the Sub-Fund or determine that the relevant Class of Units or the Sub-Fund and the Class or Classes of Units relating to it will not be launched. In such case, investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to proceed with the launch. In the event that the Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period.

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of Units of the relevant Class of Units or Sub-Fund even if the Minimum Total Subscription Amount has not been achieved.

In addition, the Sub-Fund will be closed to subsequent subscriptions after the Initial Offer Period and no subsequent subscription to the Sub-Fund will be accepted.

Risk associated with monthly dealing frequency

Investors investing in the Sub-Fund can only or redeem from the Sub-Fund on a monthly basis. Therefore, investors in the Sub-Fund are subject to lower liquidity compared to investing in funds which have higher dealing frequencies. Investors in the Sub-Fund should take this into account when considering his/her own investment position.

During market volatility or extreme market circumstances not occurring on a Dealing Day, investors may not be able to exercise his or her judgment and redeem from the Sub-Fund as timely as investors in funds which have higher dealing frequencies and investors may need to wait until the next Dealing Day which may be up to one month later. Accordingly, investors in the Sub-Fund may also rely more heavily on the Manager's and/or the Sub-Investment Manager's ability to react to market movements than investors in funds which have higher dealing frequencies.

As the Sub-Fund has fewer Dealing Days compared to funds which have higher dealing frequencies, redemption requests may be more concentrated on a particular Dealing Day, which will in turn increase the likelihood of triggering restrictions on redemptions based on redemption sizes. Where the Manager (in consultation with the Trustee) limits the number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue, Units not redeemed (but which would otherwise have been redeemed on the Dealing Day) will be carried forward for redemption, subject to the same limitation, to the next Dealing Day, until all such Units are redeemed. This may further impact the liquidity of investors in the Sub-Fund.

Risk associated with debt securities

The Sub-Fund may invest, directly or indirectly via investments in the underlying funds, in debt securities and is thus subject to the following risks associated with debt securities:

- Credit / Counterparty risk: The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

- Interest rate risk: Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

- Volatility and liquidity risk: The debt securities in certain country/region markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

- Downgrading risk: The credit rating of a debt security or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager and/or the Sub-Investment Manager may or may not be able to dispose of the debt securities that are being downgraded.

- Sovereign/government debt risk: The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign/government issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign/government debt issuers.

- Valuation risk: Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

- 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.

Concentration risk

The Sub-Fund's debt securities investments are concentrated in the OECD countries. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the OECD countries.

Connected parties risk

Investors should note that the Manager, the Sub-Investment Manager, the Guarantor and the counterparties of FDIs of the Sub-Fund are or may be connected persons. Therefore, investors may be subject to certain operational risks that may arise as a result of the lack of independence in the performance of the duties and obligations of the Manager, the Sub-Investment Manager, the Guarantor and the counterparties of FDIs. The operational risks arising from such lack of independence are partly reduced by the fact that different legal entities will be responsible for implementing the guarantee and managing the Sub-Fund's assets respectively.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "INVESTMENT AND BORROWING RESTRICTIONS".

Sub-Investment Manager

The Manager has delegated to Amundi Asset Management (the "**Sub-Investment Manager**"), the full responsibility for the management of the Sub-Fund's investment portfolio. The Sub-Investment Manager has discretionary investment management powers and the remuneration of the Sub-Investment Manager shall be borne by the Manager.

Investing in the Sub-Fund

Units of the Sub-Fund are open for subscription during the Initial Offer Period. Units of the Sub-Fund will be issued after the close of the Initial Offer Period in respect of subscription applications accepted by the Manager during the Initial Offer Period.

No Units of the Sub-Fund will be offered after the close of the Initial Offer Period.

The issue of Units in each class of the Sub-Fund is conditional upon the Minimum Total Subscription Amount being received on or prior to the close of the Initial Offer Period. If (i) the aforesaid minimum total subscription is not achieved at the close of the Initial Offer Period or (ii) the Manager is of the opinion that it is not in the commercial interests of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the launch (including where the Manager is unable to secure (at normal commercial rates) FDIs which would enable the First Payout to be at least 1.5% or the PR to be at least 70%), the Manager may in its discretion extend the Initial Offer Period for the relevant Class of Units of the Sub-Fund or determine that the relevant Class of Units or the Sub-Fund and the Class or Classes of Units relating to it will not be launched. In the event that the Manager decides to extend the Initial Offer Period, it may extend the Initial Offer Period until such other dates as agreed between the Trustee and Manager. Investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to

proceed with the launch. In the event that the Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period.

During the Initial Offer Period, Units will be offered at the Initial Offer Price.

For avoidance of doubt, initial subscription during the Initial Offer Period will be subject to the Preliminary Charge as indicated in the "Fees and Expenses" section of below.

The minimum initial subscription and minimum holding (in USD or equivalent in the relevant Class Currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic
Minimum Initial Subscription	USD1,000
Minimum Holding after any realisation	USD1,000

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription and minimum holding amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory Memorandum under the heading "Realisation Procedure" in the section headed "REALISATION OF UNITS".

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic
Minimum Realisation Amount	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading "Payment of Realisation Proceeds" under the section headed "REALISATION OF UNITS".

For the avoidance of doubt, if a realisation request of the Sub-Fund is suspended or deferred (for example, when dealings of the Sub-Fund are suspended as described in the heading "Suspension of Calculation of Net Asset Value" in the section headed "Valuation" of this Explanatory Memorandum, or when the relevant realisation request is deferred as described in the heading "Restrictions on Realisation and Conversion" in the section headed "Conversion of Units" of this Explanatory Memorandum), the Manager may not be in a position to process a properly completed request and therefore, shall not be considered to have receipt of a properly completed request for realisation of Units, until the relevant realisation request is no longer suspended or deferred (i.e. until the relevant realisation request is accepted and processed by the Manager). Unitholders should note that in this case, the interval between the submission of the relevant realisation request to the Manager and the payment of the realisation proceeds to the relevant Unitholder may extend beyond one calendar month.

Conversion between Classes and Sub-Funds

Conversion of Units of any class of the Sub-Fund for Units of another class of the Sub-Fund or another Sub-Fund of the Fund or vice versa are not allowed.

Fees and Expenses

Fees payable by investors:

Class	Classic	
	Current	Maximum
Preliminary Charge (% of Issue Price)	Up to 3%	3%
Realisation Charge (% of Realisation Price)	2%	2%
Switching Fee (% of the Issue Price of the new units)	n/a	n/a

Fees payable from assets of the Sub-Fund:

Management Fee* (per annum) (% Net Asset Value of the relevant class of the Sub-Fund)	Classic	
	Current	Max
	1.20%	1.75%
Trustee Fee (% Net Asset Value of the Sub-Fund)	0.035% per annum (maximum is 1.00% per annum)	
Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.	
Initial set-up fee	A fee of USD3,000 plus USD50 for the monthly valuation per unit class of the Sub-Fund.	
Out-of pocket expenses	The higher of HKD3,500 per annum or the actual out-of-pocket expenses incurred by the Trustee.	
Guarantor's Fee (% Net Asset Value of the Sub-Fund)	0.1% per annum	

* The Manager has the discretion to waive all or part of the management fee that it is entitled to receive.

General Expenses

The preliminary expenses and the termination costs of the Sub-Fund are estimated to amount to USD60,000 and USD41,000 respectively and will be amortised over the period from the close of the Initial Offer Period up to the Maturity Date of the Sub-Fund. If the Sub-Fund is terminated prior to the Maturity Date, the unamortised costs and expenses will be borne by the Manager before its termination. Investors should be aware that amortisation of preliminary

expenses over a 24-month period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Financial Reports

The first financial year in respect of the Sub-Fund will be the period from inception and ending on 31 December 2025 and accordingly the first annual report of the Sub-Fund covering the aforesaid period will be available within four months after 31 December 2025. For further details regarding the availability of the annual reports and unaudited semi-annual reports thereafter, please refer to the Explanatory Memorandum under the heading "Financial Reports".

Distribution

Dividend distribution policy

Save and except for the First Payout, no dividends will be declared.

Termination of the Sub-Fund

The Sub-Fund is expected to have an investment period of approximately 24 calendar months and the Sub-Fund will be terminated automatically on or around the Maturity Date. All Units will be compulsorily redeemed at the Maturity Date and the Second Payout will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date) no later than 10 Business Days but in any event not exceeding one calendar month after the Maturity Date. No Realisation Charge will be payable for such compulsory realisation of Units at the Maturity Date.

The Sub-Fund may be earlier terminated in one of the ways provided under the Trust Deed. For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may also be terminated by the Manager before the Maturity Date on notice if the aggregate Net Asset Value of the Units of all classes of the Sub-Fund outstanding hereunder is less than USD300,000.

In case of termination, no less than one month's notice will be given to Unitholders.

APPENDIX 9

AMUNDI HK – EUROPE EQUITY HIGH INCOME FUND
(a Sub-Fund of Amundi HK Portfolios)

This Appendix forms part of and should be read in conjunction with the Explanatory Memorandum for Amundi HK Portfolios

Definitions

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum. In the event of any inconsistency between the provisions of this Appendix and the Explanatory Memorandum, the provisions of this Appendix should apply.

"AUD"	means Australian Dollars, the lawful currency of Australia;
"Base Currency"	Euro;
"Business Day"	means a day (other than a Saturday and a Sunday) on which the Stock Exchange of Hong Kong is open for trading and banks in Ireland and France are open for normal banking business or such other day or days as the Manager may determine from time to time;
"CAD"	means Canadian Dollar, the official currency of Canada;
"Class Currency"	Class Classic: EUR, USD (hedged), HKD (hedged), RMB (hedged), JPY (hedged), AUD (hedged), CAD (hedged), GBP (hedged), NZD (hedged), SGD (hedged); and Class Institutional I/II/III: EUR;
"Dealing Day"	each Business Day or such other day or days as the Manager and the Trustee may determine from time to time;
"Dealing Deadline"	5:00 pm (Hong Kong time) on each Dealing Day, or such other time or day as the Manager and the Trustee may determine from time to time;
"EUR"	means Euro, the official currency of the Eurozone;
"GBP"	means British pound sterling, the official currency of United Kingdom;
"JPY"	means Japanese Yen, the lawful currency of Japan;
"NZD"	means New Zealand dollar, the lawful currency of New Zealand;
"Reference Index"	MSCI Europe Net Return Index;
"SGD"	means the Singapore Dollars, the lawful currency of Singapore;
"Sub-Fund"	Amundi HK – Europe Equity High Income Fund;
"Sub-Investment Manager"	Amundi Ireland Limited with registered address at 1 George's Quay Plaza, George's Quay, Dublin 2, Ireland;
"Sub-Sub-Investment Manager"	Amundi Asset Management with registered address at 91-93, boulevard Pasteur, 75015 Paris, France;
"USD" or "US$" or "U.S. Dollars"	the lawful currency of the United States of America;

"Valuation Day"	each Dealing Day or such other day as the Manager may determine from time to time;
"Valuation Point"	the close of business in the last relevant market to close on each Valuation Day or such other time on such Business Day as the Manager may from time to time determine.

Introduction

This Appendix has been prepared in connection with the offering of Units of the following classes in the Sub-Fund.

- Class Classic EUR – Accumulation
- Class Classic EUR – Distribution
- Class Classic USD (hedged) – Accumulation
- Class Classic USD (hedged) – Distribution
- Class Classic HKD (hedged) – Accumulation
- Class Classic HKD (hedged) – Distribution
- Class Classic RMB (hedged) – Accumulation
- Class Classic RMB (hedged) – Distribution
- Class Classic JPY (hedged) – Distribution
- Class Classic AUD (hedged) – Distribution
- Class Classic CAD (hedged) – Distribution
- Class Classic GBP (hedged) – Distribution
- Class Classic NZD (hedged) – Distribution
- Class Classic SGD (hedged) – Distribution
- Class Institutional I EUR – Accumulation
- Class Institutional II EUR – Accumulation
- Class Institutional III EUR – Accumulation

Subject to regulatory requirements, the Manager has the discretion to establish new classes of Units from time to time.

Investors should note that this Appendix forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund.

Investment objective and policy of the Sub-Fund

Investment objective

The investment objective of the Sub-Fund is to increase the value of your investment through income and capital appreciation over a long-term period.

Reference index

MSCI Europe Net Return Index will be used ex-post to assess the Sub-Fund's performance. The Reference Index acts as a reference to gauge the performance of the Sub-Fund without limiting its management. The information relating to the Reference Index is included for information purposes only. The Manager may change the Reference Index from time to time without giving prior notice to Unitholders.

Investment strategy

The Sub-Fund aims to achieve the investment objective by investing at least 70% of its Net Asset Value in equities and equity equivalent securities (such as American depository receipts, global depository receipts) of companies that are headquartered, or do most of their business, in Europe. In actively managing the Sub-Fund, the Manager and/or its Investment Delegates use a combination of market and fundamental analysis to identify companies that appear to have attractive income and capital appreciation prospects.

The Sub-Fund invests with no prescribed industry/sector or market capitalisation limits.

Depending on market conditions, up to 20% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments.

The Sub-Fund may also invest up to 10% of the Net Asset Value of the Sub-Fund in units or shares in other collective investment schemes on an ancillary basis.

The Sub-Fund will not invest over 50% of its Net Asset Value in securities in a single country. Further, the Manager and/or its Investment Delegates will not invest over 10% of the Sub-Fund's Net Asset Value in debt securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is below investment grade or unrated.

The Sub-Fund may or may not hedge currency risk at portfolio level, at the discretion of the Manager and/or its Investment Delegates.

The Sub-Fund integrates Sustainability Factors in its investment process as outlined in more detail in the "Sustainable Investing" section of this Explanatory Memorandum. Further, the Sub-Fund seeks to achieve an ESG score of its portfolio greater than that of its Reference Index. In determining the ESG score of the Sub-Fund and the Reference Index, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The selection of securities through the use of Amundi's ESG rating methodology takes into account principal adverse impacts of investment decisions on Sustainability Factors according to the nature of the Sub-Fund.

For clarity, the Sub-Fund will not invest in Mainland China securities.

Use of financial derivative instruments

The Sub-Fund may invest in financial derivative instruments for hedging, efficient portfolio management[§§§§] or investment purposes. The Sub-Fund may also generate additional income and/or enhance return through the use of financial derivative instruments, including, but not limited to selling (writing) call options on equities held by the Sub-Fund ("**Covered Call**") and/or adopting an "Iron Condor" strategy by purchasing and selling (writing) call and put options on indices or index futures that the Sub-Fund is exposed to ("**Iron Condor**"). For the avoidance of doubt, the use of option strategies is not the primary investment objective or strategy of the Sub-Fund, and any call options on equities which are sold (written) by the Sub-Fund will be adequately covered on an ongoing basis.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

Further details of the option strategies

Monthly and weekly tenor options will be used. All options will be out-of-the-money at the time of implementation. A call option is "out-of-the-money" if it has a strike price which exceeds the current market price of the underlying asset, while a put option is "out-of-the-money" if it has a strike price which is lower than the current market price of the underlying asset. An "out-of-the-money" option has no intrinsic value and is not likely to be exercised at expiry.

Options on single stock (Covered Call) can be physically or cash settled. They will be mainly settled physically. Options on indices (Iron Condor) will be cash settled. Option on index futures (Iron Condor) will be physically settled.

Monthly and weekly tenor options will be used with spread-out implementation. Generally they are left to expire without roll-over. Adjustments during the tenor will be made mainly due to:

[§§§§] Efficient portfolio management includes cost reduction, cash management, the orderly maintenance of liquidity and related practices (for instance, maintaining 100% investment exposure while also keeping a portion of assets liquid to handle redemptions of units and the buying and selling of investments). Efficient portfolio management does not include any activities that create leverage at the overall portfolio level.

- subscriptions and realisations;
- compliance with regulatory limits (e.g. to maintain the net derivative exposure of the Sub-Fund at up to 50% of the Sub-Fund's latest available Net Asset Value); and/or
- adjustments of the stock positions (for Covered Call).

Risks involved

Through its investments in equity, money-market instruments (including cash) and derivatives, the Sub-Fund is exposed to risks as stated in the "Risk Factors" section of this Explanatory Memorandum, including investment risk, equity, market and volatility risk, liquidity risks, political, economic and social risks, risk of small and medium companies, currency risk, credit risk, counterparty risks, custody risks, risks associated with hedging, financial derivative instruments, risks associated with collateral management and re-investment of cash collateral, pricing and preliminary expense amortization, auditors, risk of investing in other collective investment schemes, FATCA risk, RMB currency and conversion risk and swing pricing and dilution risk. The Sub-Fund is also subject to the sustainable investment risk as stated in the "Risk Factors" section of this Explanatory Memorandum.

The Sub-Fund is likely to be subject to the following additional risks:

Concentration risk

As the investment objective and strategy of the Sub-Fund has a focus on the European region, the Sub-Fund may be subject to a greater degree of volatility and risk than a sub-fund which is diversified across different geographical regions. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the European region.

The Sub-Fund may be concentrated in a single country/region from time to time, and may be subject to geographical concentration risk in such country/region. During such circumstances, the value of the Sub-Fund may be more volatile than that of a fund having at the relevant times a more diverse portfolio of investments, and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant country/region.

Risk attached to use of derivatives

The Sub-Fund may invest in derivatives for hedging, efficient portfolio management or investment purposes. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging/efficient portfolio management/investment and the Sub-Fund may suffer losses.

Risk attached to option strategies

The Sub-Fund may generate additional income by collecting option premium from writing (selling) Covered Call or adopting an Iron Condor strategy. The Manager and/or its Investment Delegates intend to implement a rule-based approach in order to generate income from diverse options strategies, and do not intend to predict the future price fluctuations. The Sub-Fund's ability to utilise the options successfully cannot be assured and are subject to market behavior or unexpected events. In volatile markets, the premium received might not be enough to offset losses.

Writing Covered Call gives the option purchasers the right, but not the obligation, to purchase the referenced equities in the future at a pre-determined price ("**Strike Price**"). Writing Covered Call limits the potential capital growth of the referenced equities to the Strike Price thereby limiting the overall return of the Sub-Fund. In the event that the prevailing market value of the referenced equities underlying the Covered Call are on continuous rise, the exercise of written call options by the purchasers could result in the Sub-Fund's existing long positions in the relevant equities being liquidated for settlement of obligations under the options, and subsequent long positions may need to be re-established at a higher market level for the Sub-Fund to maintain the requisite exposure to such equities.

When selling (writing) Covered Call, the maximum gain to the Sub-Fund is the premium corresponding to the sale of these options. Beyond the collected option premium, writing Covered Call does not limit downside risk and the Sub-Fund will remain fully exposed to the risk that the referenced equities substantially fall in value. In unfavourable markets, the Sub-Fund may be required to post additional collateral and may need to sell securities holdings to raise cash, which may limit its upside potential compared to holding securities directly. In volatile scenarios, the failure to meet these margin calls can result in forced liquidation of position, which may occur at disadvantageous prices.

Using the Iron Condor strategy involves buying and selling four different options on the same indices or index futures with different Strike Prices. The Iron Condor is constructed by buying and selling call options and put options on the same underlying with different Strike Prices, but the same expiration date, thereby creating a defined risk trade (or "spread") on the underlying indices or index futures.

When utilising options on indices or index futures in Iron Condor, the maximum gain to the Sub-Fund is the premium received corresponding to the sale of short call and put options, minus the cost of purchasing long call and put options. This maximum gain is realised if the underlying indices or index futures prices stay between the Strike Prices of the short call and short put options. In the event that the prevailing market value of the indices or index futures underlying the short call (put) options are on continuous rise (fall), the Sub-Fund may suffer losses although there will be a stop loss mechanism as long call (put) options with a higher (lower) Strike Price are used.

Risks relating to distribution policy

For the Distribution Classes, the Manager will pay dividends every calendar month for those registered Unitholders as at the end of a calendar month. The Manager may at its discretion determine to pay dividends out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Such distributions may result in an immediate reduction in the Net Asset Value per Unit of the Sub-Fund.

The amount of distributions for the Distribution Classes will be determined at the discretion of the Manager in terms of the relevant Class Currency and will not take into account the fluctuations in the exchange rate between the Base Currency of the Sub-Fund and the relevant Class Currency subsequent to the determination of the amount of distributions in terms of the relevant Class Currency.

The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the class currency of the hedged unit classes and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that

is paid out of capital and/or effectively out of capital (as the case may be) and hence a greater erosion of capital than other non-hedged unit classes.

Hedging risk

Each of the hedged classes of units (as defined above) will hedge the Sub-Fund's Base Currency back to its currency of denomination, on a best effort basis, with an objective to align the performance of the hedged classes to that of the equivalent class denominated in the Sub-Fund's Base Currency. The effects of hedging will be reflected in the net asset values of the hedged classes. The Manager and/or its Investment Delegates are also permitted but not obliged to use hedging techniques to attempt to offset market risks. However, there is no guarantee that the hedging techniques employed by the Manager and/or its Investment Delegates will fully and effectively achieve the desired result and effect. Furthermore the volatility of the hedged classes may be higher than that of the equivalent class denominated in the Sub-Fund's Base Currency. The hedging strategy will limit the hedged classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against the hedged classes currency of denomination and investors have to bear the associated hedging costs which may be significant depending on the prevailing market conditions.

In addition, the Manager and/or its Investment Delegates may hedge non-EUR investments to EUR (i.e. the Base Currency). While this currency hedging strategy may protect the Sub-Fund against a decline in the value of the non-EUR denominated underlying investments as a result of the exchange rate fluctuation against EUR, on the other hand, it will limit the Sub-Fund from benefiting from any potential gain resulting from the appreciation of the non-EUR denominated underlying investments as a result of exchange rate fluctuation against EUR.

POTENTIAL INVESTORS SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DETERMINING WHETHER TO INVEST IN THE SUB-FUND.

Investment and Borrowing Restrictions of the Sub-Fund

Save as otherwise disclosed in this section, the Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the section headed "Investment and Borrowing Restrictions". In addition, the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company.

The Sub-Fund will not be involved in any securities financing transactions.

The Manager will not invest over 10% of the Sub-Fund's Net Asset Value in securities issued and/or guaranteed by a single sovereign/government issuer (including its government, public or local authority) which is below investment grade.

Notwithstanding sub-paragraph 1(e) of Annexure A to this Explanatory Memorandum, the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market will not exceed 10% of the Net Asset Value of the Sub-Fund.

Notwithstanding sub-paragraphs 1(g)(i) and 1(g)(ii) of Annexure A to this Explanatory Memorandum, the aggregate value of the Sub-Fund's investment in units or shares in other collective investment schemes shall not exceed 10% of its Net Asset Value.

Notwithstanding sub-paragraphs 2(a) and 4.4(a) of Annexure A to this Explanatory Memorandum, the Manager will not invest in physical commodities and will not invest in instruments which can lead to physical delivery of commodities on behalf of the Sub-Fund.

Notwithstanding sub-paragraph 2(c) of Annexure A to this Explanatory Memorandum, the Manager will not make short sales on behalf of the Sub-Fund, save that the Sub-Fund may hold synthetic short positions through the use of financial derivative instruments in accordance with paragraph 4 of Annexure A to this Explanatory Memorandum.

Sub-Investment Manager

The Manager has delegated to Amundi Ireland Limited (the "**Sub-Investment Manager**"), a private limited company by shares incorporated in the Republic of Ireland, the full responsibility for the investment management of the Sub-Fund's portfolio. The Sub-Investment Manager is part of the Amundi group and is one of the group's six international investment hubs. The Sub-Investment Manager has discretionary investment management powers and the remuneration of the Sub-Investment Manager shall be borne by the Manager.

The Sub-Investment Manager has further delegated to Amundi Asset Management (the "**Sub-Sub-Investment Manager**"), a simplified joint-stock company (Société par Actions Simplifiée) incorporated in France, the responsibility for the investment management of part of the Sub-Fund's portfolio, for which the Sub-Sub-Investment Manager has discretionary investment management powers. The remuneration of the Sub-Sub-Investment Manager shall be borne by the Sub-Investment Manager.

Investing in the Sub-Fund

For details regarding the procedure for subscription, please refer to the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund".

The Issue Price will be calculated in the manner set out in the Explanatory Memorandum under the heading "Subsequent Issues" in the section headed "Investing in the Sub-Fund". For avoidance of doubt, subscription will be subject to preliminary charge as indicated in the "Fees and Expenses" section on page 169 of the Explanatory Memorandum.

The minimum initial subscription, minimum subsequent subscription and minimum holding (in EUR or equivalent in the relevant Class Currency) in respect of each class of Units of the Sub-Fund are as follows:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Initial Subscription	EUR1,000	EUR 1 million	EUR 20 million	Discretionary*
Minimum Subsequent Subscription	EUR1,000	EUR 100,000	EUR 1 million	NA
Minimum Holding after any realisation	EUR1,000	EUR 1 million	EUR 20 million	NA

* The Manager has the discretion to determine the minimum initial subscription amount.

The Manager has the discretion to change and accept an amount lower than the minimum initial subscription, minimum subsequent subscription, and minimum holding amounts whether generally or in a particular case.

Realisation of Units in the Sub-Fund

To be dealt with on a Dealing Day, a realisation request must be submitted to the Trustee before the Dealing Deadline and shall be made in such manner as set out in the Explanatory

Memorandum under the heading “Realisation Procedure” in the section headed “REALISATION OF UNITS”.

Units will be realised at the Realisation Price calculated in the manner set out in the Explanatory Memorandum under the heading “Payment of Realisation Proceeds” under the section headed “REALISATION OF UNITS”.

Partial realisation of holdings of Units of the Sub-Fund may be effected subject to the following minimum realisation amount in respect of each class:

Class	Classic	Institutional I	Institutional II	Institutional III
Minimum Realisation Amount	Nil	Nil	Nil	Nil

Realisation proceeds will be paid in such manner as set out in the Explanatory Memorandum under the heading “Payment of Realisation Proceeds” under the section headed “REALISATION OF UNITS”.

For Class Classic RMB (hedged), realisation proceeds and dividend payments (if any) will be paid in RMB.

Conversion between Classes and Sub-Funds

Conversion from Class Classic denominated in one currency to the same class denominated in another currency is permissible.

Conversion between the Class Category of Distribution and Accumulation of Class Classic is permissible.

Conversion of Units of any class of the Sub-Fund for Units of the same class of another sub-fund of the Fund is permissible.

Conversion of Units of a class in the Sub-Fund into Units of another class in the Sub-Fund or another sub-fund of the Fund is only permissible if the conditions for conversion into that relevant class are met. Conversion from Class Classic of the Sub-Fund to Class Institutional I or Class Institutional II or Class Institutional III of the Sub-Fund is not permissible.

Price adjustment mechanism

On any Dealing Day, if trading in the Units of the Sub-Fund would require the purchase or sale of portfolio investments in such size that the associated transaction costs are significant, the Sub-Fund may be exposed to dilution.

In order to reduce the dilution impact and to protect existing investors interest, if the Manager considers it is in the interests of all Unitholders, in calculating the Net Asset Value per Unit, the Manager may, when the net capital flow of the Sub-Fund exceeds the threshold pre-determined by the Manager from time to time, make adjustment to the Net Asset Value per Unit of the Sub-Fund and each class of Units upwards (for net capital inflows into the Sub-Fund) or downwards (for net capital outflows out of the Sub-Fund) in order to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments, including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges. Examples of circumstances which may cause net capital flow include net unit dealing due to subscription/realisation/conversion requests, fund mergers where there are asset flows into/out of the Sub-Fund, etc.

Those adjustments follow the objective to protect the long term Unitholders from cost associated with ongoing subscription, realisation and conversion activity and are not meant to address specific circumstances of each individual investor. Therefore, orders in opposite direction of the Sub-Fund's net transaction activity may be executed at the expense of the other orders.

Under normal market conditions, such swing pricing adjustment will not exceed 2% of the Net Asset Value per Unit of the Sub-Fund or any class of the Sub-Fund. However, it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5% unless with the approval of the Trustee and (if required) the SFC.

Fees and Expenses

Fees payable by investors:

Class	Classic		Institutional I		Institutional II		Institutional III	
	Current	Maximum	Current	Maximum	Current	Maximum	Current	Maximum
Preliminary Charge (% of Issue Price)	Up to 4.5%	4.5%	Up to 4.5 %	4.5%	Up to 4.5%	4.5%	Up to 4.5%	4.5%
Realisation Charge (% of Realisation Price)	Nil	1.0%	Nil	1.0%	Nil	1.0%	Nil	1.0%
Switching Fee (% of the Issue Price of the new units)	Up to 1.0%	1.0%	Up to 1.0%	1.0%	Up to 1.0%	1.0%	Up to 1.0%	1.0%

Fees payable from assets of the Sub-Fund:

Management Fee* (per annum) (% Net Asset Value of the relevant class of the Sub-Fund)	Classic		Institutional I		Institutional II		Institutional III	
	Current	Max	Current	Max	Current	Max	Current	Max
	1.50%	1.75%	0.75%	1.00%	0.55%	0.75%	Discretionary[(1)]	
Trustee Fee (% Net Asset Value of the Sub-Fund)	Current fee payable for all Classes: 0.0875% per annum.							

Registrar's Fee	An annual maintenance fee of USD1,500 for maintaining the register of Unitholders for the first 20 Unitholders and thereafter USD100 per annum per Unitholder payable to the Trustee as registrar.
Initial set-up fee	A fee of USD3,000 plus USD50 for the daily valuation per unit class of the Sub-Fund.
Out-of-pocket expenses	The higher of HKD3,500 per annum or the actual out-of-pocket expenses incurred by the Trustee.

* The Manager has the discretion to waive all or part of the management fee that it is entitled to receive.

(1) Class Institutional III is designed to accommodate a charging structure whereby the investor has entered into a separate agreement with the Manager and the management fees are paid directly by the investor (i.e. the management fees payable in respect of the Class Institutional III will not be paid out of the assets of the Sub-Fund). Except for the management fees, all other fees (including Trustee Fee and Registrar's Fee), charges and expenses in respect of the Units of the Class Institutional III will be paid out of the assets of the Sub-Fund on a pro-rata basis.

General Expenses

The preliminary expenses of the Sub-Fund amounting to USD37,000 have been amortised over the first 3 financial years from the launch date of the Sub-Fund. Investors should be aware that amortisation of preliminary expenses over a 3 year period is not in compliance with IFRS which requires such expenses to be written off as incurred. The Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund.

Financial Reports

The first financial year in respect of the Sub-Fund will be the period from inception and ending on 31 December 2026 and accordingly the first annual report of the Sub-Fund covering the aforesaid period will be available within four months after 31 December 2026. For further details regarding the availability of the annual reports and unaudited semi-annual reports thereafter, please refer to the Explanatory Memorandum under the heading "Financial Reports".

Distribution

Dividend distribution policy

For investors in Accumulation Classes, no dividends will be declared and dividends received by the Sub-Fund will be reinvested.

In respect of the Distribution Classes of the Sub-Fund, the Manager may, at its discretion, declare and pay dividends every calendar month for those registered unitholders as at the end of a calendar month. However, the rate of distribution is not guaranteed and is subject to the discretion of the Manager. The Manager may change the Sub-Fund's dividend distribution policy (including for example the frequency of distributions) subject to the SFC's prior approval (where necessary) and by giving not less than one month's prior notice to affected Unitholders.

Dividends will be paid on the seventh Business Day after the relevant month. Payment of dividends is made in the form of cash payment in the currency of the relevant class of Units of the Sub-Fund. Dividends are generally paid out of investment income and interest of the

Distribution Classes of the Sub-Fund. However, for better stability of the cash returns, there is a chance that the Distribution Classes make dividend payments out of capital. The Manager has the sole discretion to determine whether a distribution is to be made out of income and / or capital of the Sub-Fund. In addition, the Manager may at its discretion pay dividends out of gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund, in which case, the Sub-Fund is effectively paying dividends out of capital.

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving payment of dividends out of capital or payment of dividends effectively out of capital (as the case may be) may result in an immediate reduction of the Net Asset Value per Unit of the Distribution Classes.

Accordingly, the level of dividend does not necessarily indicate the total return of the Sub-Fund. In order to assess the total return of the Sub-Fund, both the Net Asset Value movement (including dividend) and the dividend distribution should be considered. The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found on the following website: http://www.amundi.com.hk. This website has not been reviewed by the SFC.

Termination of the Sub-Fund

For details regarding the circumstances in which the Sub-Fund may be terminated, please refer to the Explanatory Memorandum under the heading "Termination of the Fund or any Sub-Fund".

The Sub-Fund may be terminated by the Manager on notice if the aggregate Net Asset Value of the Units of all classes outstanding hereunder is less than USD50 million. Each class of Units may be terminated by the Manager on notice if the Net Asset Value of the Units outstanding of that class is less than USD2 million.

In case of termination, no less than one month's notice will be given to Unitholders.

ANNEXURE A

INVESTMENT AND BORROWING RESTRICTIONS

1. Investment limitations applicable to each Sub-Fund

No holding of any security may be acquired for or added to a Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund or which would result in or no cash deposits may be made which would result in:-

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by that entity;

(ii) exposure to that entity through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 4.4(c) of this Annexure A will not apply to financial derivative instruments that are:

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 6(e) and (j) of this Annexure A.

(b) subject to sub-paragraphs 1(a) and 4.4(c) of this Annexure A, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by those entities;

(ii) exposure to those entities through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Annexure A, "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 6(e) and (j) of this Annexure A.

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

(i) cash held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

(ii) cash proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

(iii) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions would be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purposes of this sub-paragraph 1(c), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(d) the Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market, exceeding 15% of the Net Asset Value of such Sub-Fund.

(f) the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the Net Asset Value of such Sub-Fund (subject to the foregoing statement the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues). For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

(g) (i) the value of the Sub-Fund's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the SFC from time to time) and not authorized by the SFC in aggregate exceeding 10% of its Net Asset Value; and

(ii) the value of the Sub-Fund's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of "eligible schemes" is as specified by the SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its Net Asset Value unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in the Explanatory Memorandum,

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code on Unit Trusts and Mutual Funds;

(B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code on Unit Trusts and Mutual Funds, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the Code on Unit Trusts and Mutual Funds (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Annexure A;

(C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code on Unit Trusts and Mutual Funds, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Annexure A do not apply to investments in other collective investment schemes by a Sub-Fund;

(bb) unless otherwise disclosed in the Appendix of a Sub-Fund, the investment by a Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Annexure A. Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Annexure A and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Annexure A apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Annexure A apply respectively; and

(dd) where a Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Annexure A provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. Investment prohibitions applicable to each Sub-Fund

The Manager shall not, unless otherwise specifically provided for in the Code on Unit Trusts and Mutual Funds, on behalf of any Sub-Fund:-

(a) invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;

(b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);

(c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a Securities Market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

(d) carry out any naked or uncovered short sale of securities;

(e) subject to sub-paragraph 1(e) of this Annexure A, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Annexure A are not subject to the limitations in this sub-paragraph 2(e);

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Sub-Fund is limited to their investments in that Sub-Fund;

(g) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued securities of that class;

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Annexure A.

3. Feeder Funds

A Sub-Fund which is a feeder fund may invest 90% or more of its latest available Net Asset Value in a single collective investment scheme ("**underlying scheme**") in accordance with the following provisions –

(a) such underlying scheme ("**master fund**") must be authorized by the SFC;

(b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Manager or any of its connected persons borne by the Unitholders or by the feeder

fund may result, if the master fund in which the feeder fund invests is managed by the Manager or by a connected person of the Manager;

(c) notwithstanding proviso (C) to sub-paragraph 1(g) of this Annexure A, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Annexure A.

4. <u>Use of financial derivative instruments</u>

4.1 A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 4.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

4.2 A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code on Unit Trusts and Mutual Funds, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 4.1 of this Annexure A will not be counted towards the 50% limit referred to in this sub-paragraph 4.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Annexure A, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Annexure A.

4.4 The financial derivative instruments invested by a Sub-Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other public securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;

(c) subject to sub-paragraphs 1(a) and (b) of this Annexure A, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party service. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

4.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

4.6 Subject to sub-paragraph 4.5 of this Annexure A, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

(a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall at all times

hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

4.7 The requirements under sub-paragraphs 4.1 to 4.6 of this Annexure A shall apply to embedded financial derivative. For the purposes of this Explanatory Memorandum, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security.

5. Securities financing transactions

5.1 A Sub-Fund may engage in securities financing transactions, provided that they are in the best interests of Unitholders of such Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

5.2 A Sub-Fund shall have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

5.3 All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the Sub-Fund.

5.4 A Sub-Fund shall only enter into a securities financing transaction if the terms of such securities financing transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction or terminate the securities financing transaction(s) into which it has entered.

6. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 4.4(c) and 5.2 of this Annexure A, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

(a) Liquidity – the collateral is sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

(b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(c) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Annexure A;

(f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

(g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate;

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

(j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

(i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code on Unit Trusts and Mutual Funds or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code on Unit Trusts and Mutual Funds. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

(ii) non-cash collateral received may not be sold, re-invested or pledged;

(iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements under 8.2(f) and 8.2(n) of the Code on Unit Trusts and Mutual Funds;

(iv) cash collateral received is not allowed to be further engaged in any securities financing transactions;

(v) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions;

(k) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the Fund and/or Sub-Funds are disclosed in Annexure B to this Explanatory Memorandum.

6A. <u>Funds with Guaranteed Features</u>

The following requirements apply to a Fund with Guaranteed Features:

(a) The guarantor must be:

(i) a substantial financial institution; or

(ii) an authorised insurer authorised under the Insurance Ordinance (Chapter 41 of Laws of Hong Kong);

(b) Nothing in the deed of guarantee may exclude the jurisdiction of the courts of Hong Kong to entertain an action concerning the Fund with Guaranteed Features or the guarantee;

(c) The Manager of the Fund with Guaranteed Features should report to the Commission as soon as practicable if it becomes aware of any events which may affect the guarantee or undermine the ability of the guarantor to act as such. Where the guarantor of a scheme is neither a licensed banking institution authorised under the Banking Ordinance (Chapter 155 of Laws of Hong Kong) nor an authorised insurer authorised under the Insurance Ordinance (Chapter 41 of Laws of Hong Kong), the management company of the Fund with Guaranteed Features must notify the Commission on an annual basis the regulatory status of the guarantor;

(d) Any advertisement or marketing material must contain the following:

(i) the name of the guarantor;

(ii) where relevant, a statement that certain fees are charged up-front and the aggregate amount thereof;

(iii) where an indicative participation rate is quoted, the date of reference should be stated and there should be a warning that the actual participation rate may be different from the indicative rate;

(iv) a warning statement that the scope or validity of the guarantee may be affected under certain circumstances including, where relevant, the condition that the guarantee only applies to investors who hold their investments until the date specified in the guarantee and that dealings before such date are fully exposed to fluctuations in the value of the scheme's assets;

(v) a statement directing investors to read the offering document for further details of the guarantee.

7. Borrowing and Leverage

The expected maximum level of leverage of each Sub-Fund is as follows:

Cash borrowing

7.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Annexure A are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 7.1.

Leverage from the use of financial derivative instruments

7.2 A Sub-Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

7.3 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Sub-Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the SFC which may be updated from time to time.

7.4 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

8. Name of Sub-Fund

8.1 If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

8.2 The name of a Fund with Guaranteed Features should accurately reflect the nature of the guarantee.

ANNEXURE B

COLLATERAL VALUATION AND MANAGEMENT POLICY

The Manager employs a collateral management policy in relation to collateral received in respect of OTC financial derivative transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to an OTC derivative transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Annexure A to this Explanatory Memorandum.

Nature and quality of the collateral

A Sub-Fund may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of assets listed or traded on a regulated market including bonds (investment graded and with a maturity of less than 50 years), short term debt instruments, asset-backed securities, equities or funds.

Criteria for selecting counterparties

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of OTC derivative transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country/region of origin of the counterparty and legal status of the counterparty.

The counterparties of OTC derivative transactions will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

The counterparty to an OTC derivative transaction must have a minimum credit rating of A-2 or equivalent, or must be deemed by the Manager to have an implied rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's).

Valuation of collateral

The collateral received is marked-to-market daily by using reference to a pricing source that is independent of the counterparty.

Variation margin is collected at least daily where amounts exceed a minimum acceptable threshold appropriate to the counterparty risk posed as determined by the Manager.

Enforceability of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Trustee at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Annexure A to this Explanatory Memorandum.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

A Sub-Fund shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Annexure A to this Explanatory Memorandum, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code on Unit Trusts and Mutual Funds or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Up to 100% of the cash collateral received by a Sub-Fund may be reinvested.

Safe-keeping of collateral

Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis should be held by the Trustee or its agent, nominee, custodian, co-custodian or sub-custodian (each a "**Correspondent**"). This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings of each Sub-Fund will be disclosed in its interim and annual financial reports as required under Appendix E of the Code on Unit Trusts and Mutual Funds.

Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

ANNEXURE C

INVESTMENT AND BORROWING RESTRICTIONS OF THE UNDERLYING FUND

A. INVESTMENT POWERS AND LIMITATIONS

The following definitions will be used in the present annexure:

ABCPs	Asset-backed commercial papers.
CSSF	Commission de Surveillance du Secteur Financier – The regulatory and supervisory authority of the Fund in Luxembourg.
Internal Credit Quality Assessment Procedure	The prudent internal credit quality assessment procedure established, implemented and consistently applied by the Management Company, for the purpose of determining the credit quality of money market instruments, securitisations and ABCPs, taking into account the issuer of the instrument and the characteristic of the instrument itself.
Mark-to-market valuation	Valuation based on the last available price on the principal market on which such securities are traded, as furnished by a pricing service approved by the board of the directors.
Mark-to-model valuation	Valuation benchmarked, extrapolated or otherwise calculated from one or more market inputs.
MMF	A UCITS/UCI qualifying and authorised as a money market fund in accordance the MMF Regulation.
MMF Regulation	The Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds and Commission Delegated Regulation (EU) 2018/990 of 10 April 2018 amending and supplementing Regulation (EU) 2017/1131 of the European Parliament and of the Council with regard to simple, transparent and standardised (STS) securitisations and asset-backed commercial papers (ABCPs), requirements for assets received as part of reverse repurchase agreements and credit quality assessment methodologies.
Transferable Security	Shares and other securities equivalent to shares, bonds and other debt instruments as well as any other negotiable securities which carry, the right to acquire any such transferable securities by subscription or exchange.
UCI	An Undertaking for Collective Investment.
UCITS	An Undertaking for Collective Investment in Transferable Securities governed by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.
WAL	Weighted average life, which reflects the term left to run until the initial principal repayments on the security (without taking into account interest payments and reductions in the principle value). It is based on the total net assets of the Underlying Fund.

WAM	Weighted average maturity, which is defined as the asset-weighted average number of days to the next floating-rate reset date (rather than the final maturity), or the maturity date for fixed-rate instruments and floating-rate instruments that have passed their last reset date. It is based on the total net assets of the Underlying Fund.
Management Company	The management company of the Underlying Fund, Amundi Luxembourg S.A..

Except in exceptionally unfavourable market conditions where a temporary breach of the 20% limit is required by the circumstances and justified having regard to the interests of the shareholders, the Underlying Fund may hold up to 20% of its net assets in ancillary liquid assets (as defined in point 7 of the table below), in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets or for a period of time strictly necessary in case of unfavourable market conditions.

The Underlying Fund's permitted securities and transactions

The table below describes the types of financial instruments that are allowable to the Underlying Fund under the MMF Regulation.

Security / Transaction	**Requirements**		**Valuation**
1. Eligible money market instruments	Must be listed or dealt on an official stock exchange in an eligible state, or must trade in a regulated market in an eligible state that operates regularly, is recognised, and is open to the public.	Money market instruments including financial instruments issued or guaranteed separately or jointly by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements or any other relevant international financial institution or organisation to which one or more Member States belong. Must display one of the following alternative	mark-to-market whenever possible, at mark-to-model otherwise
2. Money market instruments that do not meet the requirements in row 1.	Must be subject (either at the issue or the issuer level) to regulation for the purpose of protecting investors and savings, and provided that they are: • issued or guaranteed by a central, regional or local authority or a central bank of a EU member, the European Central Bank, the EU, the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or • issued by an issuer or undertaking whose securities qualify under row 1 above, or • issued or guaranteed by an issuer that is subject to EU prudential supervision rules or to other prudential rules the CSSF accepts as equivalent.		mark-to-market whenever possible, at mark-to-model otherwise

	Can also qualify if issuer belongs to a category recognized by the CSSF, is subject to investor protections that are equivalent to those described directly at left, and meets one of the following criteria: • issued by a company with at least EUR 10 million in capital and reserves that publishes annual account and • issued by an entity dedicated to financing a group of companies at least one of which is publicly listed or by an entity dedicated to financing securitisation vehicles that benefit from a banking liquidity line.	characteristics: • legal maturity at issuance of 397 days or less; • residual maturity of 397 days or less; • residual maturity until the legal redemption date of less than or equal to two (2) years, provided that the time remaining until the next interest rate reset date is 397 days or less (floating-rate money-market instruments and fixed-rate money-market instruments hedged by a swap arrangement shall be reset to a money market rate or index). Money market instruments issued or guaranteed by the European Union, a central authority or central bank of a Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility are not subject to the Internal Credit Quality Assessment Procedure described under section “Internal Credit Quality Assessment Procedure applicable for the Underlying Fund” below.	
3. Units or shares of MMFs	Only short-term MMFs and standard MMFs authorised under the MMF Regulation and: • no more than 10% of the assets of the targeted MMF are able, according to the targeted MMF’s rules or instruments of incorporation, to be invested in aggregate in units or shares of other MMFs; • the targeted MMF does not hold shares in the Underlying Fund and shall not invest in the Underlying Fund during the period in which the Underlying Fund holds units or shares in it.	Where the targeted MMF is managed, whether directly or under a delegation, by the same manager as that of the Underlying Fund or by any other company to which the manager of the Underlying Fund is linked by common management or control[1], or by a substantial direct or indirect holding, the manager of the targeted MMF, or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the Underlying Fund in the units or shares of the targeted MMF.	net asset value issued by the targeted MMF

4. Reverse Repurchase agreements	The assets received shall be money market instruments in rows 1. and 2, shall not be sold, reinvested, pledged or otherwise transferred and shall be sufficiently diversified and issued entities independent from and expected not to display a high correlation with the performance of the counterparty. Securitisations and ABCPs shall not be received by the Underlying Fund as part of a reverse repurchase agreement. The market value of the assets received is at all times at least equal to the value of the cash paid out. The full amount of cash must be recallable at any time on either an accrued basis or a mark-to-market basis.	Cash received as part of repurchase agreement may also be invested (but shall not otherwise be invested in other eligible assets, transferred or otherwise reused) in liquid transferable securities or money market instruments other than those under rows 1. and 2. and assets received as part of reverse repurchase agreement may be liquid transferable securities or money market instruments other than those under rows 1. and 2., provided that these assets are issued or guaranteed by the EU, a central authority or central bank of a EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility or issued or guaranteed by a central authority or central bank of a third country. Assets received as collateral must be subject to an haircut policy in full compliance with the provisions of the Commission Delegated Regulation (EU) 2018/990 of 10 April 2018 amending and supplementing Regulation (EU) 2017/1131 of the European Parliament and of the Council with regard to simple, transparent and standardised (STS) securitisations and asset-backed commercial papers (ABCPs), requirements for assets received as part of reverse repurchase agreements and credit quality assessment methodologies. The Underlying Fund must have the right to terminate the agreement at any time upon giving prior notice of no more than two working days.	deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the board of directors may consider appropriate in such case to reflect the true value thereof
5. Repurchase agreements	On a temporary basis only, for no more than seven working days, only for liquidity management purposes and not for investment purposes. The counterparty receiving assets transferred by the Underlying Fund as collateral under the repurchase agreement is prohibited from selling, investing, pledging or otherwise transferring those assets without the Underlying Fund's prior consent. The cash received may be placed on deposits and may not exceed 10%.		mark-to-market whenever possible, at mark-to-model otherwise

6. Credit institution deposits	Must be able to be repayable on demand or is able to be withdrawn at any time and must not have a maturity longer than 12 months (with the exclusion of bank deposits at sight).	Institutions either must be headquartered in an EU Member State or, if not, subject to EU prudential rules or to other prudential rules considered equivalent.	deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the board of directors may consider appropriate in such case to reflect the true value thereof
7. Ancillary liquid assets	Bank deposits at sight that are accessible at any time.		
8. Derivatives	Must be dealt in on a regulated market as referred to in row 1 or OTC and all of the following conditions are fulfilled: • the underlying of the derivative instrument consists of interest rates, foreign exchange rates, currencies or indices representing one of those categories; • the derivative instrument serves only the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Underlying Fund; • the counterparties to OTC derivative transactions are institutions subject to prudential	Assets received as collateral are subject to CSSF circulars 14/592. The assets other than cash received as collateral shall be assets in rows 1 to 3, shall not be sold, reinvested, pledged or otherwise transferred and shall be sufficiently diversified and issued entities independent from and expected not to display a high correlation with the performance of the counterparty. Cash received as collateral may only be placed on deposits or invested in money market instruments or short	mark-to-market whenever possible, at mark-to-model otherwise

	regulation and supervision and belonging to the categories approved by the competent authority of the Underlying Fund; • the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Underlying Fund's initiative.	term MMFs compliant with MMF Regulation. Assets received as collateral are subject to the haircut policy described in the collateral policy of Amundi Funds which is available on the website at *www.amundi.com*. This website has not been reviewed by the Securities and Futures Commission.	
9. Securitisations and/or ABCPs	Must be sufficiently liquid and consist of any of the following having a legal maturity at issuance or a residual maturity of 2 years or less and the time remaining until the next interest rate reset date is 397 days or less: • a securitization qualifying as a "Level 2B asset" within the meaning of Article 13 of the Commission Delegated Regulation (EU) 2015/61, • an ABCP issued by an ABCP programme which fulfilled the requirements stated in Article 11 of the MMF Regulation, • a simple, transparent and standardized (STS) ABCP or securitization.	In respect of a securitization, must be an amortising instrument and have a WAL of two (2) years or less.	mark-to-market whenever possible, at mark-to-model otherwise

1 A targeted MMF is considered to be linked to the Underlying Fund if both are managed or controlled by the same or affiliated management companies, or if the Underlying Fund directly or indirectly holds more than 10% of capital or voting rights of the targeted MMF.

Other assets than those under above rows 1. to 9., short selling, borrowing or cash lending, direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them, or any other means or instrument that would give an exposure to them and securities lending agreements or securities borrowing agreements, or any other agreement that would encumber the assets of the Underlying Fund are not allowed.

The Underlying Fund's diversification and concentration limits
To ensure diversification, the Underlying Fund is subject to the following diversification rules.

	Maximum investment/exposure, as a % of the Underlying Fund's assets		
Category of securities	**In any one issuer**	**In aggregate**	**Other**
A. Money market instruments issued or guaranteed separately or jointly by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of an OECD country, the Mainland China, Hong-Kong and/or Singapore , the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.			Up to 100%, upon authorisation of the CSSF and provided the Underlying Fund - holds securities from at least six different issues by the issuer, - limits the investment in money market instruments from the same issue to a maximum of 30% of its assets.
B. Money market instruments, securitisations and ABCPs issued by the same body issued by the same body	5%		Derogation:a variable net asset value MMF may invest up to 10% provided that the total value of such money market instruments, securitisations and ABCPs held in each issuing bodies in each of which it invests more than 5% of its assets does not exceed 40% of the value of its assets. Aggregate exposure to securitisations and ABCP up to 20% (15% for non STS ones).
C. Credit institution deposits made with the same credit institution	10%	15% in a single body	
D. OTC derivatives with any other counterparty	5%		

E. Units or shares of MMFs	5% in a single targeted MMF	Maximum 17.5% in aggregate in targeted MMFs. Where 10% or more are invested in targeted MMF, the Underlying Fund shall disclose the maximum level of the management fees that may be charged to the Underlying Fund itself and to the other MMFs in which it invests and the annual report shall indicate the maximum proportion of management fees charged to the Underlying Fund itself and to the other MMFs in which it invests.
F. bonds issued by a single credit institution having its registered office a Member State and which is subject, by law, to special public supervision designed to protect bond-holders.	10%	Sums deriving from the issue of these bonds must be invested in assets which, during the whole period of validity of such bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When the Underlying Fund invests more than 5% of its assets in such bonds issued by a single issuer, the total value of those investments shall not exceed 40% of the value of the assets of the Underlying Fund.
G. bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of the Delegated Regulation (EU) 2015/61 are met.	20%	When the Underlying Fund invests more than 5% of its assets in such bonds issued by a single issuer, the total value of those investments shall not exceed 60% of the value of the assets of the Underlying Fund.
H. Reverse Repurchase Agreement		Received assets: exposure to a given issuer up to 15%, except where those assets take the form of money market instruments that fulfil the requirements of the 100% derogation under row 1. Aggregate amount of cash provided to the same counterparty up to 15%.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or in accordance with

recognised international accounting rules are regarded as a single body for the purpose of calculating the limits above.

The Underlying Fund shall be regarded as a separate MMF for the purpose of calculating the limits above.

The Underlying Fund may not hold any voting rights which would enable it to exercise significant influence over the management of an issuing body. Moreover, the Underlying Fund may hold no more than 10% of the money market instruments, securitisations and ABCPs issued by a single body. This limit is waived as regards money market instruments issued or guaranteed by the European Union, national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.

Portfolio rules for the Underlying Fund

The Underlying Fund shall comply on an ongoing basis with all of the following requirements:

- its portfolio is to have at all times a WAM of no more than 6 months;
- its portfolio is to have at all times a WAL of no more than 12 months, subject to the second and third subparagraphs;
- at least 7.5% of its assets are to be comprised of daily maturing assets, reverse repurchase agreements which can be terminated by giving prior notice of one working day or cash which can be withdrawn by giving prior notice of one working day. The Underlying Fund is not to acquire any asset other than a daily maturing asset when such acquisition would result in the Underlying Fund investing less than 7.5% of its portfolio in daily maturing assets;
- at least 15% of its assets are to be comprised of weekly maturing assets, reverse repurchase agreements which can be terminated by giving prior notice of five working days or cash which can be withdrawn by giving prior notice of five working days. The Underlying Fund is not to acquire any asset other than a weekly maturing asset when such acquisition would result in the Underlying Fund investing less than 15% of its portfolio in weekly maturing assets;
- for the purpose of the calculation referred to above, money market instruments or units or shares of other MMFs may be included within the weekly maturing assets up to 7.5% of its assets provided they are able to be redeemed and settled within five working days. For the purposes of the second point above, when calculating the WAL for securities, including structured financial instruments, the Underlying Fund shall base the maturity calculation on the residual maturity until the legal redemption of the instruments. However, in the event that a financial instrument embeds a put option, the Underlying Fund may base the maturity calculation on the exercise date of the put option instead of the residual maturity, but only if all of the following conditions are fulfilled at all times:
  - the put option is able to be freely exercised by the Underlying Fund at its exercise date;
  - the strike price of the put option remains close to the expected value of the instrument at the exercise date;
  - the investment strategy of the Underlying Fund implies that there is a high probability that the option will be exercised at the exercise date.

By way of derogation, when calculating the WAL for securitisations and ABCPs, the Underlying Fund may instead, in the case of amortising instruments, base the maturity calculation on one of the following:

- the contractual amortisation profile of such instruments;

- the amortisation profile of the underlying assets from which the cash-flows for the redemption of such instruments result.

If the limits referred to above are exceeded for reasons beyond the control of the Underlying Fund or as a result of the exercise of subscription or redemption rights, the Underlying Fund shall adopt as a priority objective the correction of that situation, taking due account of the interests of its shareholders.

The Underlying Fund shall not take the form of a public debt constant net asset value MMF or a low volatility net asset value MMF.

Internal Credit Quality Assessment Procedure applicable for the Underlying Fund

Description of the purpose of the procedure

The Management Company bears final responsibility for the establishment, implementation and constant application of an internal credit quality assessment procedure for determining the credit quality of money markets instruments, securitisations and ABCPs which characteristics have been defined as follows:

The purpose of the internal credit quality assessment procedure is to establish the principles and methodologies that must be applied systematically to determine the investable quality of credits for the Underlying Fund, in accordance with the MMF Regulation. The procedure specifies the process by which inter alia deteriorating credits should be monitored in order to avoid keeping credits that may default.

The internal credit quality assessment procedure has been defined by the Credit Risk Committee under the responsibility of the Management Company. The Credit Risk Committee is held at Amundi group level and is independent from the investment teams.

An independent credit analysis and limits management team operating under the responsibility of the Management Company, at Amundi group level and based in Paris (France) implements the methodologies that are applicable to all the key stages of the investment cycle: collection of information, analyses and assessments of the credit quality, recommendations for validation by the Credit Risk Committee, monitoring of the credits as validated by the Committee, specific monitoring of deteriorating credits and alert cases, management of cases in breach of limits.

The methodologies are reviewed and validated as many times as necessary and at least once a year, in order to adapt them to the current portfolio and to external conditions. In case of change of methodologies, all affected internal credit assessments are reviewed as soon as possible in compliance with the MMF Regulation.

Credits eligible for the money market funds are reviewed at least once a year, and as many times as required by developments impacting the credit quality.

Description of the inputs for the credit quality assessment

The methodologies for the assessment of the credit quality address the profitability, solvency and liquidity, based on specific quantitative and qualitative elements that vary depending on the type of issuers (national, regional or local administrations, financial corporations, and non-financial corporations), and the type of asset class/instrument (unrated, securitized, covered, subordinated, etc.).

The methodologies take into account quantitative and qualitative indicators that make it possible to assess in a prudent, systematic and permanent manner the reliability of the information and the visibility in the short and medium term for the viability of the issuer (both from an intrinsic point of view and in the context in which the issuer operates) and issuances.

The relevant criteria that are used for the analysis vary depending on the types of issuers and their sectors of activity. The following elements are taken into account:
- quantitative indicators, such as reported operating and financial data, are analyzed not only at accounts closing, but also in trend over time, and reassessed if necessary, in order to estimate the profitability, solvency, risk of failure and liquidity ratios that are considered to be as representative as possible;
- qualitative indicators, such as access to funding, operational and business management, strategy, governance, reputation, are evaluated in terms of their consistency, credibility or viability in the short and medium term as well as in the light of the macroeconomic and financial market situation;
- the short term nature of the asset/instrument.
- for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction and, in case of exposure to securitisations, the credit risk of the issuer, the structure of the securitisation and the credit risk of the underlying assets.

The sources of information are of sufficient, multiple, up-to-date and reliable quality, based on an efficient system, consisting of:
- at the source: annual reports and publications on the issuers' sites, presentations of issuers in the context of bilateral meetings (one-on-ones) or road shows,
- in the market: verbal or written presentations by rating agencies, internal/external sell-side research, or media/public information.

Description of the credit quality assessment methodology

The assessment of the credit quality gives rise to a recommendation indicating a level of risk-code and a limit per management desk. The risk codes represent the varying levels of credit quality, the scale ranging from 1 (solid) to 6 (low). In case of developments and events affecting the quality of the credits adversely to varying degree of seriousness, the risk-codes are downgraded accordingly, to the bottom of risk-code 4, risk-code 5, or 6. There is no mechanistic reliance on external ratings. A new credit quality assessment is undertaken whenever there is a material change that could have an impact on the existing assessment of the issuer and instrument, as further required and governed under relevant regulation issued by ESMA.

The limits are determined according to the credit quality, the size of the issuer and the share in the consolidated debt of the issuer.

The Credit Risk Committee is convened every month, and if necessary, at any time on an ad hoc basis, and validates the credit recommendations that must be pre-validated by the Head in charge of the credit risk analysis and limits management.

The Credit Risk Committee is chaired by the Deputy General Manager of Amundi group and in his absence by the Head of Risk of Amundi group. The Committee is also composed of the permanent members who are the Heads (and in their absence, their alternates) of the supervised business lines, including the Money Market, Compliance and Audit business lines, and managers of the Risk Management and Credit Analysis within the Risk business line.

Credit recommendations validated by the Credit Risk Committee are communicated to the Management Company that shall review and validate them at adequate frequency. Divergence on any recommendation shall be communicated to the Credit Risk Committee and Head in charge of the credit risk analysis and limits management for consideration of the Management Company’s opinion.

If case of breach, the relevant procedure applies in order to regularize the situation:
- either by an immediate sale of the assets in breach, to comply with the limits,
- either by an extinguishing management of the assets in breach which is then followed in excess, if justified,
- or by increasing the limit absorbing the excess, if justified.

These decisions must be recorded in writing in accordance with Article 7 of the Delegated Regulation (EU) 2018/990.

Liquidity management and Know Your Client

The Investment Manager of the Underlying Fund consistently applies liquidity management procedures for assessing the capacity of the Underlying Fund to maintain an adequate level of liquidity under consideration of the liquidity profiles of the Underlying Fund's various assets and the fund concentrations and flow volatilities anticipated on basis of shareholders' related know you customer information (that includes various elements like their size, any correlation between them and past behaviors) and other liabilities impacting the Underlying Fund's assets.