

**Mondrian Global Green Bond Fund**

**which is an open-ended fund of  
Mondrian Funds plc  
(an umbrella fund with segregated liability between sub-funds)**

**Supplement to the Prospectus  
for Mondrian Funds plc**

This Supplement contains specific information in relation to the **Mondrian Global Green Bond Fund** (the **Fund**), a fund of Mondrian Funds plc (the **Company**) an umbrella type investment company with variable capital and segregated liability between sub-funds, which is incorporated in Ireland and authorised by the Central Bank of Ireland (the **Central Bank**) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 15 July 2024.**

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

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

This Fund is in scope of reporting pursuant to the European Market Infrastructure Regulation (EMIR). It is also a Fund to which Article 9 of the SFDR applies.

**Dated: 15 July 2024**

**DIRECTORY**

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## 1. INVESTMENT OBJECTIVE AND POLICIES

### 1.1. Investment Objective

The Fund aims to generate returns consistent with the preservation of principal and the generation of income and capital growth over the long term with a focus on investment in green bonds.

### 1.2. Investment Policies

The Fund will be actively managed and will seek to achieve its investment objective primarily through investing in a broad range of fixed and/or floating rate debt securities (such as notes, bonds and treasury bills) of governments, their agencies, instrumentalities or political subdivisions and companies, which the Investment Manager classifies as green bonds, as detailed further in the Annex.

The Fund is a global fund that will invest in issuers located throughout the world. The Fund may execute transactions denominated in any currency and has flexibility to trade in any market or instrument consistent with the investment policies of the Fund, to achieve its investment objective. Securities of issuers within a given country may be denominated in the currency of such country, the currency of another country or in a multinational currency such as the Euro.

Currency considerations carry a special risk for a portfolio of international securities. The Fund may invest in securities issued in any currency and may hold foreign currency. The Investment Manager primarily uses a purchasing power parity approach to evaluate currency risk. In this regard, the Fund may carry out hedging activities, and may invest in forward foreign currency contracts to hedge currency risks associated with the purchase of individual securities denominated in a particular currency. The Investment Manager will only carry out such hedging if it is cost effective to do so. The Fund will not automatically hedge positions at portfolio level. Under normal circumstances, hedging is undertaken defensively back into the Base Currency of the Fund, although the Investment Manager may cross-hedge using forward foreign currency contracts.

The debt securities the Fund invests in will generally be rated BBB- or better by Standard & Poor's or Baa3 or better by Moody's Investors Service or, if unrated, be deemed by the Investment Manager to be of comparable quality. The Fund may also invest in debt securities which are below investment grade. The Fund's exposure to sub-investment grade securities will not account at the time of purchase for more than 25% of Fund's Net Asset Value. Any income generated by the assets held by the Fund shall be systematically reinvested according to the objectives of the Fund.

The Fund may also invest up to 10% at the time of purchase of its Net Asset Value in fixed and/or floating rate emerging market debt securities. This is defined as securities guaranteed and/or issued by a government, government agency or instrumentality, sovereign, supranational organisation, corporation or special purpose entity whose currency is not included within the Bloomberg Barclays Global Aggregate Bond Index.

The Fund may also invest in securities traded in the People's Republic of China (**China**) through Bond Connect. Details in relation Bond Connect are in the section entitled, **Bond Connect** and information on the risks associated with investing in securities traded in China through Bond Connect are in the section entitled **Dealing in Securities through Bond Connect Risks**.

The Fund may also utilise financial derivative instruments (**FDIs**) as detailed below, for investment and efficient portfolio management purposes.

It is expected that the Fund will ordinarily be primarily invested in the instruments described above; however, where market circumstances require, the Investment Manager is permitted to hold up to 100% of the Fund's Net Asset Value in liquid assets including: cash, treasury bills (short term government issued debt securities) and other short maturity bonds and/or short-term money market instruments such as certificates of deposit and commercial paper.

The Investment Manager's approach to selecting investments for the Fund is based on its extensive experience in global fixed-income. The Investment Manager conducts fundamental research on a global basis, and it is through this effort that attractive debt markets are selected for investment. The core of this fundamental research effort is a value oriented prospective real-yield approach which looks at today's yield in each market and subtracts from it forecasted inflation for the next two years to identify value as a forward-looking potential real-yield. Comparisons of the values of different possible investments are then

made. The higher the prospective real-yield the higher the relative allocation and conversely the lower the prospective real yield the lower the allocation or even a zero allocation. The Investment Manager's prospective real-yield framework has been integral in the track-records of its fixed income products including both developed and emerging market strategies. This would remain as a key part of the Fund's green bond strategy.

### 1.3. SFDR and EU Taxonomy Regulation Disclosures

Disclosures required pursuant to Article 9 (paragraphs 1 to 4a) of SFDR and Article 5 of the EU Taxonomy Regulation are set out in the Annex.

### 1.4. Benchmark

The investment performance of each Share Class will be measured over a full market cycle of approximately five years by comparing the total return of each Share Class relative to the Bloomberg Barclays MSCI Green Bond Index (the **Index**) hedged or unhedged in Euro, US Dollar or Sterling (**GBP**) terms as the case may be. The Index is a multi-currency benchmark that includes local currency debt markets tracked by the Bloomberg Barclays Global Aggregate Index. The Index includes investment-grade and fixed-rate bonds only. The Index does not have a 1-year minimum time to maturity and holds bonds until final maturity.

The average credit quality of the investments in the Fund should not vary materially from that of the Index. The Index will not constrain the management of the Fund in any way and the Fund can invest in securities not included in the Index.

Further details on the benchmark are set out in the Annex.

## 2. PROFILE OF A TYPICAL INVESTOR

Investment in the Fund is suitable for investors seeking total return together with the preservation of capital over the medium term (3-5 years) and who are prepared to accept a moderate level of volatility.

## 3. INFORMATION ON BOND CONNECT

Bond Connect is a mutual bond market access program between Hong Kong and China through which eligible overseas investors can invest in fixed income securities traded on the China Interbank Bond Market. Bond Connect was established by China Foreign Exchange Trade System and National Interbank Funding Centre, China Central Depository & Clearing Co. Ltd, Shanghai Clearing House and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

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

To the extent that the Fund's investments are dealt via Bond Connect, such dealing may be subject to additional risk factors as outlined in the section entitled, **Dealing in Securities through Bond Connect Risks**.

## 4. SHARE CLASS HEDGING

Share Classes denominated in a different currency to the Base Currency (**Currency Hedged Share Class**) are subject to currency hedging.

The Fund will seek to hedge against the currency exposures of the underlying securities in the portfolio, which differ from the currency of the Currency Hedged Share Classes in accordance with the "**Derivative Specific Share Classes and Share Class Hedging**" section of the Prospectus.

Currency exposures at Share Class level will generally be hedged by entering into currency forward exchange contracts. The Company, the Manager and/or the Investment Manager may appoint a service provider to implement this Share Class level hedging on a non-discretionary basis. The Northern Trust Company have been appointed by the Company to provide the Share Class level hedging service.

Any costs relating to Share Class Hedging transactions will accrue solely in relation to the relevant Currency Hedged Share Classes.

Investors should note that the Currency Hedged Share Classes will not completely eliminate currency risk, or provide a precise hedge, and as such, investors may have exposures to currencies other than the currency of that Currency Hedged Share Class.

## 5. FINANCIAL DERIVATIVE INSTRUMENTS & EFFICIENT PORTFOLIO MANAGEMENT

The Fund may use FDIs for investment and efficient portfolio management purposes in accordance with the section entitled **Utilisation of FDI and Efficient Portfolio Management** in the Prospectus and as further described below. The use of FDIs for investment purposes may, lead to an increase in the Fund's risk profile or result in higher volatility. The Fund will not use FDIs for the purpose of leverage and the Fund will use the commitment approach to calculate its daily global exposure, being the incremental exposure generated through the use of FDIs which will not exceed 100% of the Net Asset Value of the Fund, in accordance with its risk management process and the requirements of the Central Bank.

**Below are details of the FDIs in which the Fund may invest or which the Fund may use.**

### Currency Forwards

The Fund may buy and sell currencies on a spot and forward basis, subject to the limits and restrictions adopted by the Central Bank from time to time, to reduce the risks of adverse changes in exchange rates, as well as to enhance the return of a Fund by gaining an exposure to a particular foreign currency. A forward currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Fund's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. The Fund may enter into these contracts to hedge against exchange risk, to increase exposure to a currency or to shift exposure to currency fluctuations from one currency to another. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in such transactions at any given time. Also, such transactions may not be successful and may eliminate any chance for the Fund to benefit from favourable fluctuations in relevant foreign currencies. The Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated. The Fund may also use Non Deliverable Forwards (**NDF**). An NDF is a forward currency exchange instrument where the physical exchange of currency at expiry is replaced by settlement between counterparties of the net profit/loss on the contract calculated using the prevailing spot foreign exchange rate two days prior to settlement. The net settlement will occur in a predetermined currency usually Euro. An NDF is used when an investor needs to hedge or gain exposure against or in a currency that does not have a deliverable market offshore.

### Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow the Fund to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, the Fund can, by closing out its position, exit from its obligation to buy or sell the underlying assets prior to the contract's delivery date. The use of futures to achieve a particular strategy instead of using the underlying or related security or index may result in lower transaction costs being incurred.

### Interest rate swaps

An interest rate swap is a type of swap in which two parties agree to exchange recognised interest rate cash flows, calculated on a notional amount, at specified dates during the life of the swap. The notional amount is used only to determine the payments under the swap and is not exchanged. The essence of an interest rate swap is that the parties exchange the net cash flows of different types of borrowing instruments. The payment obligation of each party is calculated using a different interest rate, typically with one party paying a floating interest rate in return for receiving a fixed interest rate, either at regular intervals during the life of the swap or at the maturity of the swap..

## Credit default swaps

Credit default swaps provide a measure of protection against defaults of debt issuers. The use of credit default swaps does not assure their use will be effective or will have the desired result. The Fund may at the discretion of the Investment Manager be the buyer and/or seller in credit default swap transactions to which the Fund is a party. Credit default swaps are transactions under which the parties' obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an asset following a default. The buyer in a credit default swap contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Fund will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

## Options

Under an option contract, a party gets the right to buy or sell a specific quantity of a specific asset at a fixed price at or before a specified future date from another party. The Fund may purchase or sell options contracts (including currency, interest rate, bond, index, inflation, futures, swap options and contingent options, whose payoff depends on the performance of two different assets). A call option on a security is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. A swap option is an option to enter into an interest rate swap.

## 6. INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading **Investment Restrictions** in the Prospectus apply to the Fund.

## 7. BORROWING

The Fund may borrow up to 10 per cent of its Net Asset Value for temporary purposes.

## 8. INVESTMENT MANAGER

The Manager has appointed Mondrian Investment Partners Limited as Investment Manager of the Fund to provide investment management services to the Fund pursuant to an Investment Management Agreement described under the heading **Material Contracts** in the Prospectus.

## 9. DIVIDEND POLICY

Both Distributing and Accumulating Shares are available for issue as further set out below. The Directors may determine in their sole discretion to declare dividends and to distribute any income on the Distributing Shares. Dividends, if any, will be declared out of net income (i.e. income less expenses).

Distributing Shares may declare a dividend on a monthly basis and, if so, it will be paid within two calendar weeks of the declaration date. Dividends will be paid in the currency of denomination of the relevant Share Class.

If the dividend policy of a Share Class should change, full details will be provided in an updated Supplement and Shareholders will be notified in advance of the change in policy.

## 10. KEY INFORMATION FOR BUYING AND SELLING

### 10.1. Base Currency

Euro

### 10.2. Classes available

EUR Unhedged Share Class  
EUR Hedged Share Class  
USD Hedged Share Class  
USD Unhedged Share class  
GBP Hedged Distributing Share Class  
GBP Hedged Distributing Share Class Z  
GBP Hedged Accumulating Share Class  
GBP Hedged Accumulating Share Class Z  
GBP Unhedged Distributing Share Class  
GBP Unhedged Distributing Share Class Z  
GBP Unhedged Accumulating Share Class  
GBP Unhedged Accumulating Share Class Z

Class Z Shares are only available to investors with separate arrangements with the Investment Manager with regard to investment management fees. The Directors may at their absolute discretion compulsorily redeem an investor's Class Z Shares where they no longer consider this to be the case.

Other classes may be established within the Fund which may be subject to higher or lower fees. Information in relation to the fees applicable to other classes is available on request.

### 10.3. Minimum Initial Investment Amount

€ 5,000,000 for Euro denominated Shares, US\$ 5,000,000 for USD denominated Shares or GBP5,000,000 for GBP denominated Shares or such lesser amounts as the Directors may, in their absolute discretion, decide.

### 10.4. Applications for Shares

After the initial offer period, Shares will be available for subscription at the Net Asset Value per Share of the relevant class of the Fund on the relevant Dealing Day.

The Net Asset Value per Share of each Class of Shares in each Fund will be available from the Administrator following calculation on each Valuation Point and will be published on [www.bloomberg.com](http://www.bloomberg.com) or such other websites or places as the Directors may decide from time to time and as notified to the Shareholders in advance. Please refer to the Prospectus for details on notification of prices.

### 10.5. Minimum Additional Investment Amount

€1,000,000 for Euro denominated Shares, US\$1,000,000 for USD denominated Shares or GBP1,000,000 for GBP denominated Shares or the currency equivalent thereof subject to the discretion of the Directors to allow lesser amounts.

### 10.6. Initial Offer Period

The initial offer period in relation to the GBP Hedged Distributing Share Class, the GBP Hedged Distributing Share Class Z, the GBP Hedged Accumulating Share Class, the GBP Unhedged Distributing Share Class, the GBP Unhedged Distributing Share Class Z, the GBP Unhedged Accumulating Share Class and the GBP Unhedged Accumulating Share Class Z will commence at 9.00am (Irish time) on 16 July 2024 and will run to 5.30pm (Irish time) on 16 January 2024 or such shorter or longer period as the Directors may determine on behalf of the Fund and notify to the Administrator. Where the initial offer period of the above Classes is shortened or extended, the Directors will notify the Central Bank in

accordance with the Central Bank's requirements.

The Initial Offer Period for the following Share Classes has now closed:

EUR Unhedged Share Class  
EUR Hedged Share Class  
USD Hedged Share Class  
USD Unhedged Share class  
GBP Hedged Accumulating Share Class Z

**10.7. Initial Issue Price**

In relation to the GBP denominated Classes, the Initial Issue Price per Share is GBP10.00 for GBP denominated Shares.

**10.8. Business Day**

Any day (except Saturday or Sunday) on which banks in Ireland and the United Kingdom are generally open for business or such other day or days as may be determined by the Directors, in consultation with the Manager, and notified in advance to Shareholders.

**10.9. Dealing Day**

In respect of subscriptions and redemptions, the Dealing Day is every Business Day.

**10.10. Dealing Deadline**

In respect of subscriptions and redemptions, the Dealing Deadline is 10.00am (Irish time) on the relevant Dealing Day.

**10.11. Application Deadline**

Applicants making their initial investment should complete an irrevocable Application Form and send it to the Administrator along with all relevant documentation including anti-money laundering documentation on or before the Dealing Deadline. However, if the applicant wishes to apply for Shares in-specie, the applicant must notify the Investment Manager directly in respect of such an in-specie application on or before the 10<sup>th</sup> Business Day of the month preceding the Dealing Day. For all other applications written notice shall be received by the Administrator on or before the Dealing Deadline.

**10.12. Application Settlement Date**

Subscription monies must be received in cleared funds by close of business two Business Days after the relevant Dealing Day. Confirmation of each purchase of Shares will normally be made within 5 Business Days after the allotment of Shares.

**10.13. Valuation Point**

The point in time by reference to which the Net Asset Value of the Fund is calculated which, unless otherwise specified by the Directors (and notified in advance to Shareholders) with the approval of the Depositary, shall be close of business in the relevant markets on the relevant Dealing Day (the **Valuation Point**).

**10.14. Minimum Shareholding**

€ 3,000,000 for Euro denominated Shares, US\$ 3,000,000 for USD denominated Shares or GBP3,000,000 for GBP denominated Shares or such lesser amount as may be determined by the Directors.

**10.15. Subscription Charge**

There will be no charge on subscriptions.

**10.16. Redemption Deadline**



Shares may be redeemed on a Dealing Day by providing written notice to the Administrator on or before the Dealing Deadline provided however, such Shareholder redeems Shares with an aggregate Share value of at least € 1,000,000, US\$ 1,000,000 or GBP1,000,000 and the aggregate share value of Shares held by the redeeming Shareholder after such redemption equals to or exceeds €3,000,000, US\$3,000,000 or GBP3,000,000 or the currency equivalent thereof (unless waived by the Directors). A redemption notice once made cannot be cancelled without the Directors' written consent. Redemptions may be permitted at such other times or with such shorter notice as the Directors, in their discretion may determine upon prior notification to all Shareholders provided always that such other times will always be before the close of business in the relevant market that closes first on that Dealing Day. Applications for redemption of Shares may only be accepted after the Dealing Deadline in exceptional circumstances. Redemption requests may be sent to the Administrator by facsimile. The Administrator will commence processing requests initially sent by facsimile but no redemption proceeds will be paid out until the Administrator has received the original Application Form in respect of the Shareholder's initial subscription for Shares in the Fund and all supporting documentation (including all relevant anti-money laundering documentation) is in order.

#### 10.17. **Redemption Settlement Date**

Redemption proceeds will be paid no later than 4 Business Days after the Dealing Deadline in the currency of the relevant Share Class.

#### 10.18. **Redemption Charge**

There will be no charges on redemptions.

#### 10.19. **Minimum Net Asset Value**

€25,000,000 subject to the discretion of the Directors to allow a lesser amount.

#### 10.20. **Anti-Dilution Levy**

There will be no Anti-Dilution Levy.

### 11. **NET ASSET VALUE**

The Administrator calculates the Net Asset Value per Share as at the Valuation Point of each Dealing Day in accordance with the procedure provided for under the heading **Calculation of Net Asset Value/Valuation of Assets** in the Prospectus.

### 12. **CHARGES AND EXPENSES**

#### 12.1. **Management Fee**

The Manager shall be paid a fee out of the assets of the Fund, calculated on each Dealing Day, of an amount up to 0.025% of the Net Asset Value of the Fund (plus VAT, if any). The management fee is based on a sliding scale applied to the aggregate assets across all sub-funds of the Company, subject to an annual minimum fee as disclosed in the section entitled **Fees and Expenses** in the Prospectus. The fees shall accrue and shall be payable quarterly in arrears at the end of each calendar quarter.

The Manager shall also be entitled to be reimbursed for all reasonable and properly vouched out-of-pocket costs and expenses incurred by it, payable out of the assets of the Fund (with VAT thereon, if applicable).

#### 12.2. **Investment Management Fee**

The Investment Manager is entitled to an Investment Management Fee not exceeding 0.35% per annum of the Net Asset Value of the EUR Unhedged Share Class, EUR Hedged Share Class, USD Hedged Share Class, USD Unhedged Share Class, GBP Hedged Distributing Share Class, GBP Hedged Accumulating Share Class, GBP Unhedged Distributing Share Class and GBP Unhedged Accumulating Share Class. The Investment Management Fee accrues and is payable quarterly in arrears. There will be no Investment Management Fee payable in respect of the Class Z Shares.

The Directors are entitled to increase the Investment Management Fee up to a maximum of 1% per annum of the Net Asset Value of the Fund. Shareholders will be notified in advance of any proposed increase of such fees up to such maximum and the Supplement will be updated accordingly.

The Investment Manager may, at its discretion rebate part or all of its Investment Management Fee to any Shareholder on a case by case basis. Any such rebate will not entitle other Shareholders to a similar arrangement.

The Investment Manager shall discharge the fees payable to any service provider appointed to implement Share Class level hedging on a non-discretionary basis out of the Investment Management Fee and not, for the avoidance of doubt, out of the assets of the Fund.

### 12.3. **Administrative Expenses**

The maximum Administrative Expenses of the Fund will be capped at 0.10% of the average monthly Net Asset Value of the Fund in relation to the unhedged share classes and 0.145% of the average monthly Net Asset Value of the Fund in relation to the hedged share classes. Administrative Expenses incurred in excess of this amount will be borne by the Investment Manager. The Company expects to evaluate this limitation on an annual basis. This limit does not apply to or include the Investment Management Fee, transaction related expenses and any non-recurring expenses. The Administrative Expenses accrue and are payable monthly in arrears. Shareholders will be notified in advance of any proposed increase of such fees and the Supplement will be updated accordingly.

All other ongoing charges and expenses which are described in the **Fees and Expenses** section of the Prospectus may be charged to the Fund.

### 12.4. **Initial Expenses**

The preliminary expenses incurred in connection with the establishment and initial issue of Shares in this Fund were borne by the Investment Manager.

This section should be read in conjunction with the section entitled **Fees and Expenses** in the Prospectus.

### 12.5. **Other Fees and Expenses**

Any other fees and expenses payable out of the assets of a Fund are set out in the Prospectus under the heading **Fees and Expenses**.

This section should be read in conjunction with the section entitled **Fees and Expenses** in the Prospectus.

## 13. **REPORTS**

Unless requested otherwise, each Shareholder will be provided with audited financial statements of the Fund after the close of the Fund's financial year, 30 June and the semi-annual and unaudited accounts which will be made available within two months after the period ending on 31 December in each year. Monthly reports of the Fund's performance and quarterly reports including the Investment Manager's commentary will also be provided. Each Shareholder will also receive such tax information as the Fund is required to furnish for UK tax reporting purposes if applicable. Monthly reports of the Fund's performance and quarterly reports including the Investment Manager's commentary will also be provided.

## 14. **RISK FACTORS**

The general risk factors set out in the **Risk Factors** section of the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund.

**AN INVESTMENT IN THE SHARES OF THE FUND IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER THE FOLLOWING RISK FACTORS. THESE RISK FACTORS MAY NOT BE A COMPLETE LIST OF ALL RISK FACTORS**

## **ASSOCIATED WITH AN INVESTMENT IN THE FUND.**

**INVESTORS SHOULD NOTE THE DIFFERENCE BETWEEN THE NATURE OF A DEPOSIT AND THE NATURE OF AN INVESTMENT IN THE FUND, IN PARTICULAR, THE RISK THAT THE PRINCIPAL INVESTED IN THE FUND IS CAPABLE OF FLUCTUATION AND THUS SHAREHOLDERS MAY NOT HAVE ALL OF THEIR PRINCIPAL RETURNED TO THEM ON REDEMPTION. IN ADDITION, INVESTMENT IN THE FUND WILL NOT BENEFIT FROM ANY DEPOSIT PROTECTION SCHEME SUCH AS MIGHT BE APPLICABLE TO AN INVESTMENT IN A DEPOSIT.**

### **14.1. Investment and Repatriation Restrictions**

A number of emerging markets restrict, to varying degrees, foreign investment in securities. Restrictions may include maximum amounts foreigners can hold of certain securities, and registration requirements for investment and repatriation of capital and income. New or additional restrictions may be imposed subsequent to the Fund's investment in a given market.

### **14.2. Investment Approach**

All investments of the Fund risk the loss of capital. No guarantee or representation is made that the investment approach utilised on behalf of the Fund will be successful.

### **14.3. Market Risks**

The Investment Manager's trading and investment strategies are subject to market risk. Certain general market conditions - for example, a reduction in the volatility or pricing inefficiencies of the markets in which the Fund is active - could materially reduce the Fund's profit potential.

### **14.4. Debt Securities**

Debt securities are subject to credit risk. Credit risk relates to the ability of the issuer of a security to make interest and principal payments on the security as they become due. If the issuer fails to pay interest, the Fund's income might be reduced and if the issuer fails to repay principal, the value of that security and the Net Asset Value of the Fund might be reduced.

Debt securities also are subject to interest rate risk. Debt securities will increase or decrease in value based on changes in interest rates. If interest rates increase, the value of the Fund's investments generally declines. On the other hand, if interest rates fall, the value of the Fund's investments generally increases. Securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value. Usually, changes in the value of debt securities will not affect cash generated, but may affect the performance of the Fund.

### **14.5. Possible Concentration**

Subject to the Company's obligation to spread investment risk in accordance with the Regulations and Central Bank requirements, the Fund has not adopted fixed guidelines for diversification of its investments among issuers, industries, instruments, currencies or markets and may be heavily concentrated, at any time, in a limited number of positions. In attempting to maximize the Fund's returns, the Investment Manager may concentrate the holdings of the Fund in those industries, companies, instruments, currencies or markets which, in the sole judgment of the Investment Manager, provide the best profit opportunity in view of the Fund's investment objectives.

### **14.6. Currency Risks**

The Fund may invest a substantial amount of its assets in debt securities denominated in currencies other than the Base Currency and in other financial instruments, the price of which is determined with reference to currencies other than the Base Currency. However, the Fund's securities and other assets are valued in the Base Currency. To the extent unhedged, the value of the Fund's assets will fluctuate with Euro exchange rates as well as with price changes of the Fund's investments in the various local markets and currencies. Thus, a change in the value of the Euro compared to the other currencies in which the Fund makes its investments will affect the prices of the Fund's securities in their local markets.

### **14.7. Hedging Activities and Currency Exposure**

The Investment Manager may seek to identify market, idiosyncratic and/or other risks and seek to establish hedging strategies using securities, derivatives and other financial instruments to mitigate these risks. There is no guarantee that the Investment Manager's hedging strategy for the Fund will be successful. Hedging transactions entered into by the Fund to seek to reduce risk may result in a poorer overall performance than if it had not engaged in any such hedging transactions.

For a variety of reasons, the Investment Manager may not seek to hedge certain (or any) portfolio holdings, or may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged, which may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The portfolio will always be exposed to certain risks that cannot be hedged or fully hedged.

Certain of the assets of the Fund may be invested in securities and other investments which are denominated in currencies other than the Base Currency. Where the Investment Manager seeks to hedge the exposure of the Fund to currencies other than the Base Currency, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

In order to mitigate against the risk of movements in the currency of the Currency Hedged Share Class against the currency of the portfolio constituents (where they are different to that of the relevant Currency Hedged Share Class currency), Share Class specific derivative transactions will be entered into for the purposes of acquiring currency hedges for each Currency Hedged Share Class.

The return of the Share Class specific derivative transactions may not perfectly offset the actual fluctuations between the Currency Hedged Share Class currency and currency exposures of the securities that constitute the portion of the portfolio referable to the Currency Hedged Share Class. No assurance can be given that such hedging activities will be entirely effective in achieving the purpose for which they have been entered into.

While currency hedging reduces risks and losses in adverse market circumstances, it can also reduce and may completely offset gains in market circumstances that would otherwise have been beneficial had the position not been hedged. Consequently, the performance of the Currency Hedged Share Class may differ from that of the underlying asset as a result of the foreign exchange hedging transactions.

Shareholders whose assets and liabilities are predominantly in currencies other than the currencies of the Shares should take into account the potential risk arising from fluctuations in value between the currency of the relevant Shares held and such other currencies.

#### **14.8. Forward Contracts on Foreign Currencies**

The Fund may engage in interbank spot and forward contract markets for foreign currencies. There is relatively little regulation with respect to trading of forward contracts. There are generally no margin requirements and generally no limitation on price movements of forward contracts. Forward contracts are not traded on exchanges; rather, a bank or dealer will act as agent or as principal in order to make or take future delivery of a specified lot of a particular currency for the Fund's account. The Fund is subject to the risk of a principal's failure or inability or refusal to perform with respect to such contracts.

No assurance can be given that currency hedging policies if conducted will be successful. Currency hedging policies may substantially limit Shareholders from benefiting if the Base Currency falls against the currency in which the assets of the Fund are denominated. In addition over-hedged or under-hedged positions may arise due to market volatility which is outside the control of the Investment Manager.

#### **14.9. Reclamation of Foreign Withholding Tax**

The Company, with the assistance of the Administrator and/or other third parties, may choose to attempt to reclaim withholding taxes in a limited number of markets. The Company and the Administrator are not obligated to pursue withholding tax reclaims in any market and there is no guarantee any amounts can or will be reclaimed. Changes in law, treaty rates, tax status of Shareholders, filing obligations, and deadlines for tax submission can all affect the amount of any taxes that can be reclaimed on behalf of the Fund and the Shareholders.

#### **14.10. Credit Ratings**

Potential investors are advised that ratings applied to debt securities are not absolute measures of credit quality and do not reflect all potential market risks. Ratings agencies may fail to timely reflect changes in an issuer's underlying financial condition.

#### 14.11. **Investment in Lower Rated Securities**

The Fund may invest in debt securities that are unrated or rated the lowest rating category by recognized ratings services such as Standard & Poor's or Moody's Investors Service. All such obligations, although high yielding, can be characterised by a correspondingly greater risk of default. In addition, the Fund may have difficulty disposing of lower quality debt securities because there may be a thin trading market for such debt securities. The lack of a liquid secondary market also may have an adverse impact on market prices of such instruments and may make it more difficult for accurate market quotations to be obtained for purposes of valuing its portfolio securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, also may decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market.

#### 14.12. **Illiquidity in Certain Markets**

The Fund may invest in securities that later become illiquid or otherwise restricted. The Fund might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it becomes necessary, to do so. For example, substantial withdrawals from the Fund could require the Fund to liquidate its positions more rapidly than otherwise desired in order to obtain the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for the Fund to liquidate positions on favourable terms, thereby resulting in losses or a decrease in the Net Asset Value of the Fund.

#### 14.13. **Dealing in Securities through Bond Connect Risks**

##### 14.13.1. **Regulatory Risk**

The Bond Connect program is relatively new. Laws, rules, regulations, policies, notices, circulars or guidelines relating to the programs as published or applied by the relevant authorities of China are untested and are subject to change from time to time. Regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. There can be no assurance that the Bond Connect program will not be restricted, suspended or abolished. As the Fund invests in securities through Bond Connect, it may be adversely affected as a result of any such changes or abolition.

##### 14.13.2. **Custody Risk**

Under the prevailing regulations in China, eligible foreign investors who wish to participate in the Bond Connect program may do so through an offshore custody agent, registration agent or other third parties (as the case may be), who would be responsible for making the relevant filings and account opening with the relevant authorities. The Fund is therefore subject to the risk of default or errors on the part of such agents.

##### 14.13.3. **Trading Risk**

Trading in securities through Bond Connect may be subject to clearing and settlement risk. If the Chinese clearing house defaults on its obligation to deliver securities / make payment, the Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

##### 14.13.4. **Market and Liquidity Risk**

Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the China Interbank Bond Market to fluctuate significantly. The Fund, by investing on the market is therefore subject to liquidity and volatility risks and may suffer losses in trading Chinese bonds. The bid and offer spreads of the prices of such Chinese bonds may be large, and the Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

##### 14.13.5. **Investment Restrictions Risk**

Investments into Bond Connect are not subject to any quota but should the relevant Chinese authorities suspend account opening or trading via Bond Connect, the Fund's ability to invest in China Interbank Bond Market will be limited. In that instance, the Fund may not be able to effectively pursue its investment strategy and it may have an adverse effect on the Fund's performance as the Fund may be required to dispose of impacted holdings. The Fund may also suffer substantial losses as a result.

#### 14.13.6. **Chinese Local Credit Rating Risk**

The Fund may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. The rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

#### 14.13.7. **Operational Risk**

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly (in particular, under extreme market conditions) or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

#### 14.13.8. **Beneficial Ownership of Bond Connect Securities Risk**

The Fund's investments via Bond Connect will be held following settlement by custodians as clearing participants in accounts in the China Foreign Exchange Trade System maintained by the Central Money Markets Unit as central securities depository in Hong Kong and nominee holder. Central Moneymarkets Unit in turn holds the Bond Connect securities of all its participants through a nominee omnibus securities account in its name registered with the China Central Depository & Clearing Co., Ltd and the Shanghai Clearing House in China. Because Central Moneymarkets Unit is only a nominee holder and not the beneficial owner of Bond Connect securities, in the unlikely event that Central Moneymarkets Unit becomes subject to winding up proceedings in Hong Kong, investors should note that any Bond Connect securities will not be regarded as part of the general assets of Central Moneymarkets Unit available for distribution to creditors even under Chinese law. Central Moneymarkets Unit will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in any Bond Connect securities in China. Funds investing through the Bond Connect holding the Bond Connect securities through Central Moneymarkets Unit are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

Physical deposit and withdrawal of Bond Connect securities are not available through Northbound Trading for the Fund. The Fund's title or interests in, and entitlements to Bond Connect securities (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign bondholding restriction, if any. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise.

#### 14.13.9. **Investor Compensation Protection Risk**

Investors should note that any trading under Bond Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution

in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

#### 14.13.10. **Difference in Trading Day and Trading Hours Risk**

Due to differences in public holiday between Hong Kong and China or other reasons such as adverse weather conditions, there may be a difference in trading days and trading hours on the China Interbank Bond Market and the Central Moneymarkets Unit.

Bond Connect will thus only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for China markets but it is not possible to carry out any Bond Connect Securities trading in Hong Kong.

#### 14.13.11. **Recalling of Eligible Bond and Trading Restriction Risk**

A bond may be recalled from the scope of eligible stocks for trading via Bond Connect for various reasons, and in such event, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager for the Fund.

#### 14.13.12. **Trading Costs Risk**

In addition to paying trading fees and other expenses in connection with Bond Connect securities trading, the Funds carrying out Northbound Trading via Bond Connect should also take note of any new portfolio fees, dividend tax and tax concerned with income arising from transfers which would be determined by the relevant authorities.

#### 14.13.13. **Currency Risk**

Northbound investments by the Fund in the Bond Connect Securities will be traded and settled in Renminbi / RMB, the official currency of China. The RMB is currently not a freely convertible currency. The Chinese government places strict regulation on the RMB and sets the value of the RMB to levels dependent on the value of the U.S. dollar. The Chinese government's imposition of restrictions on the repatriation of RMB out of mainland China may limit the depth of the offshore RMB market and reduce the liquidity of the Fund's investments.

If the Fund holds assets denominated in a local currency other than RMB, the Fund will be exposed to currency risk if the Fund invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, the Fund will also incur currency conversion costs. Even if the price of the RMB asset remains the same when the Fund purchases it and when the Fund redeems / sells it, the Fund will still incur a loss when it converts the redemption / sale proceeds into local currency if RMB has depreciated.

#### 14.13.14. **Central Moneymarkets Unit Default Risk**

A failure or delay by the Central Moneymarkets Unit in the performance of its obligations may result in a failure of settlement, or the loss, of Bond Connect securities and/or monies in connection with them and the Fund and its investors may suffer losses as a result. Neither the Fund nor the Investment Manager shall be responsible or liable for any such losses.

#### 14.13.15. **Tax Risks**

There is no specific written guidance by the Chinese tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China Interbank Bond Market by eligible foreign institutional investors via Bond Connect. As such, it is uncertain as to the Fund's tax liabilities for trading in China Interbank Bond Market through Bond Connect.

#### 14.13.16. **Green Bonds Considerations**

The application of a green bonds strategy may affect the type and number of securities in which the Fund may invest, and as a result, at times, the Fund may produce different returns or more modest gains than funds that are not subject to such considerations. For example, the Fund may forgo opportunities to gain exposure to certain companies, industries, sectors or countries and it may choose to sell a security when it might otherwise be disadvantageous to do so. Green bonds considerations may cause the Fund's

industry allocation to deviate from that of funds without these considerations. Furthermore, whether a bond is “green” is subjective and it is therefore possible that an investment may not perform in a way that an investor considers to be “green”, even though it has been selected by the Investment Manager for the Fund.

**PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE PROSPECTUS AND THIS SUPPLEMENT AND FULLY EVALUATE ALL OTHER INFORMATION THAT THEY DEEM TO BE NECESSARY BEFORE DETERMINING TO INVEST IN THE FUND.**

**15. MISCELLANEOUS**

At the date of this Supplement there are four other Funds of the Company in existence, Mondrian Global Fixed Income Fund, Mondrian Emerging Markets Equity Fund, Mondrian Local Currency Emerging Market Debt Fund and Mondrian Global Equity Fund.



Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Mondrian Global Green Bond Fund

Legal entity identifier: 54930030790TW23YM357

## Sustainable investment objective

### Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 100%</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>

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

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



### What is the sustainable investment objective of this financial product?

The Fund aims to generate returns consistent with the preservation of principal and the generation of income and capital growth over the long term with a focus on investment in green bonds.

The Fund will be actively managed and will seek to achieve its investment objective primarily through investing in a broad range of fixed and/or floating rate debt securities (such as notes, bonds and treasury bills) of governments, their agencies, instrumentalities or political subdivisions and companies, which the Investment Manager classifies as green bonds.

The Investment Manager defines green bonds as any type of bond instrument where the proceeds will be applied to finance or refinance in part or in full new and/or existing projects that the Investment Manager believes are beneficial to the environment which include but

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

would not be limited to climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control. It is intended that in normal market conditions 100% of the Fund's Net Asset Value will be invested in sustainable investments such as green bonds, as defined by the Investment Manager.

The Investment Manager employs a full green analysis process to evaluate each and every bond under review, which includes consideration of the ICMA Green Bond Principles, EU Taxonomy as well as other internal and external resources.

The designated reference benchmark for the Fund is the Bloomberg MSCI Global Green Bond Index (the Index). The investment performance of each Share Class will be measured relative to the Index hedged or unhedged in Euro or US Dollar terms as the case may be. The Index is a multi-currency benchmark that includes local currency debt markets tracked by the Bloomberg Barclays Global Aggregate Index. The Index includes investment-grade and fixed-rate bonds only. The Index does not have a 1-year minimum time to maturity and holds bonds until final maturity. The Index aligns with the objective of the Fund as it includes only fixed income securities in which the proceeds will be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes through their use of proceeds.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sustainability indicator used to measure the attainment of the Fund's sustainable investment objective is the percentage of the Fund's Net Asset Value invested in green bonds.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

At the outset, Sustainability Risks are inherently considered in defining the investable universe of the Fund as the Investment Manager ensures that 100% of the bonds that the Fund invests in are green bonds using its fundamental analysis (Green Bond Analysis). The Investment Manager also considers material ESG factors (including Sustainability Risks) as an integrated part of the investment process of the Fund.

### **Integration of Sustainability Risks**

The Investment Manager's approach to the integration of ESG considerations in the investment process is consistent for both sovereign and corporate credits in the explicit incorporation of ESG factors into an issuer's proprietary credit rating.

At the issuer level, ESG analysis is fully integrated in the investment processes of both sovereign and corporate bonds. Any significant ESG risks, such as those with the potential to cause significant harm to other environmental and/or social objectives, would be captured under this analysis. As explained further below, those issuers with significant ESG risks or heightened sustainability concerns would see these reflected in the overall risk assessment of that sovereign or corporate issuer.

## **Sovereign Bonds**

ESG risk factors form a critical and distinct facet of the Investment Manager's sovereign credit risk analysis. The Investment Manager's ESG assessments synthesize numerous quantitative measures produced by international research bodies into an overall ESG score for each sovereign. Sovereign credit analysis is an integral part of the Investment Manager's top-down investment process. This analysis includes ESG factors, which ultimately inform the sovereign credit adjustment. The weaker the overall credit assessment, the higher the sovereign credit adjustment, resulting in a greater Prospective Real Yield (PRY) premium required to drive an allocation. Other things equal, a sovereign with elevated ESG risks will typically receive a lower allocation within the portfolio.

## **Corporate Bonds**

The Investment Manager's credit process necessitates that all corporate bond issuers undergo corporate credit analysis culminating in an internal credit rating before being placed on the Investment Manager's buy list. In determining the Investment Manager's corporate credit rating, all material factors that could influence credit quality are analysed as part of the research process. Each factor is assigned a credit rating which contributes to the overall company or issuer level credit rating. The Investment Manager believes that ESG concerns must be included in this process, otherwise the analysis overlooks a critical component of credit risk. Therefore, an ESG rating is assigned as an integral part of the Investment Manager's corporate credit analysis. The forward-looking sensitivity analysis component of the Investment Manager's credit research is used to quantify the impact of material credit risks on the credit rating over the investment time horizon. This therefore provides a method to quantify the impact of ESG risks over the short, medium and longer term.

The result of the Investment Manager's integrated approach is that much like any other risk incorporated into a bond valuation, the presence of ESG based risks need not preclude investment, provided they are adequately reflected in the market price.

## **Do No Significant Harm**

The Investment Manager's process for analysing whether sustainable investments cause harm to other environmental or social sustainable investment objectives is reliant on the level of information provided by the issuer at the environmental project level. Any issuer may be financing multiple and distinct environmentally beneficial projects under their green bond program or sustainable objective allocation. To the extent that this information is available, the Green Bond Analysis will capture this data and the overall environmental impact of any project will be considered both in terms of the impact of the project on its direct environmental objectives but also the impact against other environmental and social objectives. Any sustainable investment or green project that causes significant harm to another environmental or social objective will fail the Green Bond Analysis and not be considered for investment.

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

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

The Investment Manager does not consider it relevant or appropriate to take into account the indicators for adverse impacts prescribed by SFDR for the purposes of investments in green bonds. Green bonds are issued exclusively for the purpose of financing projects or initiatives which are environmentally beneficial. Green bonds are therefore not comparable with other general-purpose corporate or sovereign debt for which consideration of the indicators for adverse impacts under SFDR might be relevant.

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

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are considered during the investment process in the analysis of sovereign and corporate bonds. As part of the full ESG analysis, social factors are considered and analysed. The ESG analysis forms part of the overall credit assessment, which ultimately informs the sovereign credit adjustment or corporate credit rating. The weaker the overall credit assessment, the higher the sovereign credit adjustment or lower the corporate credit rating. Other things equal, an issuer with elevated social or general ESG risks will typically receive a lower allocation within the portfolio.

The issuers of green bonds are analysed against the specific criteria of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights to ensure that the minimum social safeguards set out in the EU Taxonomy are confirmed and attained.



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

Yes

No



**What investment strategy does this financial product follow?**

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

The Fund aims to generate returns consistent with the preservation of principal and the generation of income and capital growth over the long term with a focus on investment in green bonds. The Fund intends to invest primarily in a broad range of fixed and/or floating rate debt securities (such as notes and bonds) of governments, their agencies, instrumentalities or political subdivisions and companies, which the Investment Manager classifies as green bonds.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

It is intended that in normal market conditions 100% of the Fund's Net Asset Value will be invested in sustainable investments such as green bonds, as defined by the Investment Manager. The Investment Manager employs the Green Bond Analysis to ensure that the green bonds considered for investment are genuinely funding environmentally beneficial objectives with positive sustainable impacts. Not all green bonds are created equal and there are currently no overriding or legal standards that set minimum environmental criteria for what a green bond must be. As such, the Investment Manager carries out Green Bond Analysis to ensure the stringent internal criteria for a green bond are met. Green Bond Analysis considers the use of proceeds, green bond framework, impact assessment and reporting. Green Bond Analysis is considered against relevant regulation such as the EU Taxonomy and how other regional standards are developing over time. Green Bond Analysis is supplemented by engagement with issuers to further the Investment Manager's understanding of each issuer's green bond program. The Investment Manager also challenges issuers on environmental criteria that could be more transparent and any risks falling below the Investment Manager's standards.

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

#### Assessment of Governance Practices for Sovereign Bonds

There are four analytical factors for each sovereign issuer (domestic economy, external sector, ESG and fiscal). These factors and the weight given to them may evolve over time to reflect data availability and the Investment Manager's judgement of relative importance but at any point in time the four factors are consistently applied across all sovereign issuers.

#### **ESG Profile**

ESG factors are considered separately. Since there is some overlap between environmental and social factors the three factors are weighted as follows in the overall ESG assessment: Environmental (25%), Social (25%) and Governance (50%).

#### **Governance Factors**

Good institutions (e.g. the rule of law, unambiguous property rights, efficient tax collection, public good provision and control of corruption) are fundamental prerequisites for sustained productivity-driven economic growth and development.

Historically, many sovereign bond defaults can be attributed to weak institutional and political arrangements which affect a country's willingness to service debt and can occur even at low debt/gross domestic product levels.

Institutional and political development is measured along three dimensions:

- Strength of the state;
- Rule of law; and
- Accountability and corruption.

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

Corruption is a particularly invidious problem that inhibits the productive allocation of resources, depletes social capital and tends to exacerbate inequality.

To quantify these, the Investment Manager uses the World Bank Governance measures. The Investment Manager also considers the World Banks' "Ease of Doing Business" rankings which rank economies according to their business environment.

#### Assessment of Governance Practices for Corporate Bonds

All corporate bond issuers undergo a corporate credit analysis before being placed on the Investment Manager's buy list. Following on from that, they also undergo additional corporate credit analyses on a periodic basis as part of the Investment Manager's ongoing monitoring process. The Investment Manager assigns an ESG rating, based on a scale similar to that of Standard & Poor's (i.e., AAA is 'well above average', BBB is 'average' and BB and below is 'well below average').

A credit must achieve a satisfactory ESG rating during the Investment Manager's internal ESG review before it will be considered to be included on the Investment Manager's buy list as the Investment Manager believes that these factors could materially impact a business, its credit rating, and in extreme cases, its ability to repay lenders. The criteria for the rating are as follows:

- the social impact of the individual company's activities and the strength of the active ESG policies the company is pursuing;
- the governance of a particular company. Where the Investment Manager has concerns around a company, particularly regarding board or corporate structure, it will not invest in that company; and
- the environmental policies of a particular company.

Meeting with company management is an integral part of the Investment Manager's due diligence and ongoing monitoring process. This is an ideal forum for direct engagement on areas where the Investment Manager has identified specific concerns, including those related to ESG factors. The close working relationship with the Investment Manager's equity teams is a direct benefit as they meet regularly with company representatives.



#### **What is the asset allocation and the minimum share of sustainable investments?**

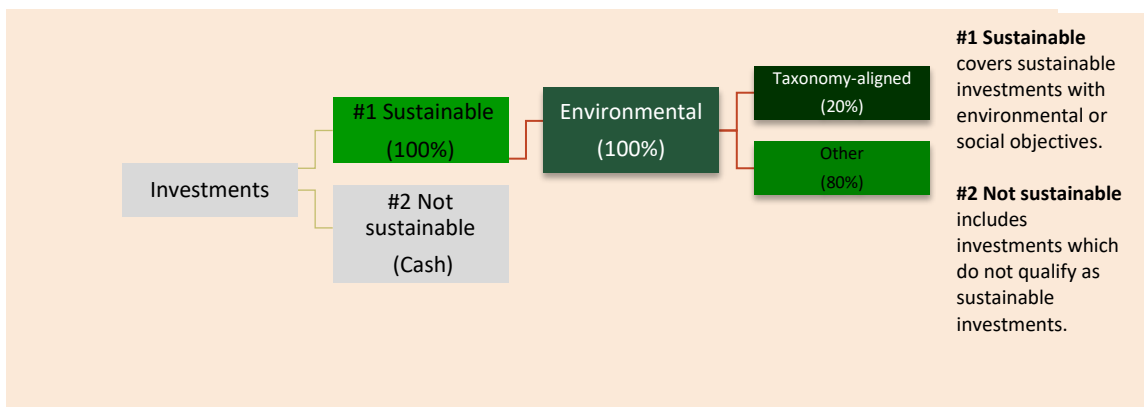
It is intended that in normal market conditions 100% of the Fund's Net Asset Value will be invested in green bonds, as defined by the Investment Manager. Cash may also be held on behalf of the Fund.

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

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

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



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

● **How does the use of derivatives attain the sustainable investment objective?**

The Fund does not use derivatives to attain the sustainable investment objective.



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

It is intended that in normal market conditions 100% of the Fund’s Net Asset Value will be invested in green bonds which contribute to the environmental objectives of climate change mitigation and climate change adaptation. The Fund has a minimum target of 20% of sustainable investments that are aligned with the EU Taxonomy. As more clarity is provided on the criteria of alignment to EU Taxonomy and, particularly, issuers respond with greater information and data coverage the Investment Manager expects to increase the minimum share of EU Taxonomy alignment on the fund. Particularly, the availability of the required data to confirm alignment to the EU Taxonomy for sovereign issuers is limited at this moment in time. As such, the fund also targets a minimum investment in sustainable investments that are aligned with the EU Taxonomy other than investments in sovereigns of 25%.

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

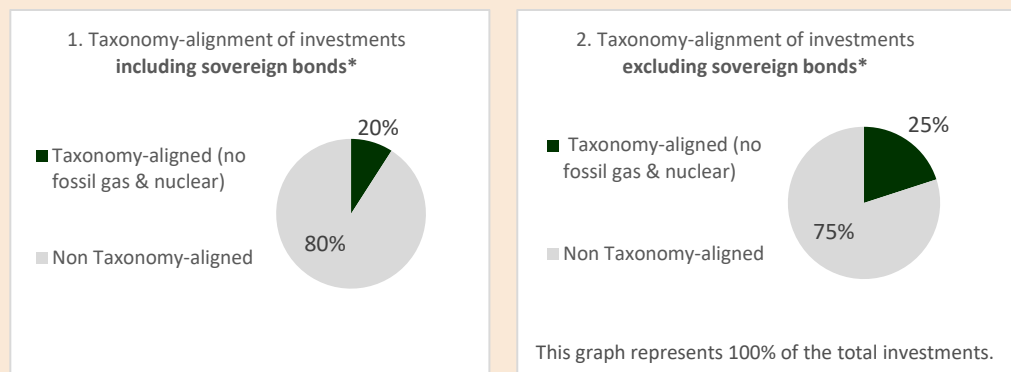
Yes:

In fossil gas  In nuclear energy

No

<sup>1</sup> **Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.**

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



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

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

At all times, the Fund will aim to have 100% exposure to green bonds and/or other bond instruments with a clear sustainable and environmental objective. However, the Fund has no minimum share of investment to transitional or enabling activities. It is anticipated that the majority of the Fund's exposure will be in green bonds that support activities that in themselves contribute to environmental objectives directly.

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

The Fund does not have a minimum share of sustainable investments that are not aligned with the EU Taxonomy. The Fund's exposure will be split between sustainable investments with an environmental objective that are aligned with the EU Taxonomy at a minimum of 20% and sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

● **What is the minimum share of sustainable investments with a social objective?**

N/A

● **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "#2 Not sustainable" are used for hedging or relate to cash held as ancillary liquidity and there are no minimum environmental or social safeguards applicable to them.

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





## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Yes, the Bloomberg MSCI Global Green Bond Index has been designated as a reference benchmark to meet the Fund's sustainable investment objective.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

The Index aligns with the objective of the Fund as it includes only fixed income securities in which the proceeds will be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes through their use of proceeds.

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

The Index employs an evaluation process on bond eligibility, which is expanded on and explained further below. Alongside additional resources and data sources, this evaluation methodology and index eligibility is considered as part of the Investment Manager's Green Bond Analysis. The Investment Manager monitors Index constituents both in terms of new and existing bonds and any changes in eligibility for the Index will be investigated. As such, the alignment of the Fund's investment strategy and Green Bond Analysis with the methodology of the Index is ensured through regular reviews and the cross referencing of data on a continuous basis.

The Index provider carries out independent evaluation of securities along four dimensions (use of proceeds, project evaluation, management of proceeds, and reporting) to determine Index eligibility. These eligibility criteria reflect the core elements of the Green Bond Principles, a set of principles published by a consortium of banks. To be classified as a green bond for Index inclusion purposes, a security's use of proceeds must first fall within at least one of six MSCI defined eligible environmental categories: alternative energy, energy efficiency, pollution prevention and control, sustainable water, green buildings, and climate adaptation. General-purpose bonds are eligible if 90% of the issuer's activities (as measured by revenues) fall within one or more of the eligible MSCI environmental categories. Further, an eligible green bond's prospectus or supporting documentation must clearly identify the specific criteria and process for determining eligible projects or investments, and a formal process to ring-fence net proceeds must be disclosed in the bond prospectus or supporting documentation. At issuance, the issuer must either report on eligible projects or state its commitment to report within one year of issuance. Reporting will be monitored, and bonds can be removed if the issuer fails to report at least annually, or if annual reporting indicates that over 10% of proceeds had been used for ineligible projects.

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

The Index differs from a broad market index as eligibility for inclusion is limited to securities classified as green bonds using clearly defined rules for determining inclusion. The Index aims to provide sufficient transparency on the use of proceeds for eligible securities and to present an investment universe that is generally regarded as green. The Index universe is evaluated and defined independently from

issuers in order to add a layer of integrity beyond self-labelled designations that have not benefited from independent scrutiny thus avoiding greenwashing. Both self-labelled green bonds and unlabelled bonds will be evaluated using the Index's criteria set out above for potential index inclusion.

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

More details regarding the Index are available on the index provider's website at <https://www.msci.com>.



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

More product-specific information can be found on the website:  
<https://www.mondrian.com/global-green-bond-fund-eur-unhedged/>