



**SECOND SUPPLEMENTARY INFORMATION
MEMORANDUM DATED 1 MARCH 2024
IN RESPECT OF AMSUSTAINABLE SERIES –
GLOBAL LOWER CARBON EQUITY FUND
(FORMERLY KNOWN AS SUSTAINABLE
SERIES – GLOBAL LOWER CARBON
EQUITY FUND)**

The Manager

AmFunds Management Berhad

Registration number: [198601005272 (154432-A)]

The Trustee

Deutsche Trustees Malaysia Berhad

Registration number: [200701005591 (763590-H)]

THIS SECOND SUPPLEMENTARY INFORMATION MEMORANDUM DATED 1 MARCH 2024 HAS TO BE READ IN CONJUNCTION WITH THE INFORMATION MEMORANDUM FOR AMSUSTAINABLE SERIES – GLOBAL LOWER CARBON EQUITY FUND DATED 23 MAY 2023 AND THE FIRST SUPPLEMENTARY INFORMATION MEMORANDUM DATED 28 FEBRUARY 2024.

AMSUSTAINABLE SERIES – GLOBAL LOWER CARBON EQUITY FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

SOPHISTICATED INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUMS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY SOPHISTICATED INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 41 OF THE INFORMATION MEMORANDUM AND PAGE 5 OF THIS SECOND SUPPLEMENTARY INFORMATION MEMORANDUM.

THIS SECOND SUPPLEMENTARY INFORMATION MEMORANDUM HAS TO BE READ IN CONJUNCTION WITH THE INFORMATION MEMORANDUM AND THE FIRST SUPPLEMENTARY INFORMATION MEMORANDUM FOR AMSUSTAINABLE SERIES – GLOBAL LOWER CARBON EQUITY FUND

RESPONSIBILITY STATEMENTS

This Second Supplementary Information Memorandum dated 1 March 2024 (the “Second Supplementary Information Memorandum”) in relation to the Information Memorandum for AmSustainable Series – Global Lower Carbon Equity Fund dated 23 May 2023 (the “Information Memorandum”) and the First Supplementary Information Memorandum dated 28 February 2024 (collectively, the “Information Memorandums”) has been reviewed and approved by the directors of AmFunds Management Berhad and they collectively and individually accept full responsibility for the accuracy of all information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Second Supplementary Information Memorandum false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has not authorised or recognised the AmSustainable Series – Global Lower Carbon Equity Fund (the “Fund”) and a copy of this Second Supplementary Information Memorandum has not been registered with the Securities Commission Malaysia.

The lodgement of this Second Supplementary Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Second Supplementary Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of AmFunds Management Berhad responsible for the Fund and takes no responsibility for the contents in this Second Supplementary Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Second Supplementary Information Memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

SOPHISTICATED INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF SOPHISTICATED INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

ADDITIONAL STATEMENTS

An investment in the Fund carries with it a degree of risk. The value of units and the income from it, if any, may go down as well as up, and investment in wholesale fund involve risks including the risk of total capital loss and no income distribution. Sophisticated Investors should consider the risk factors set out under the heading Risk Factors in the Information Memorandums.

Statements made in the Information Memorandums are based on the law and practice currently in force in Malaysia and are subject to changes in such law and practices.

Any reference to a time or day in the Information Memorandums shall be a reference to that time or day in Malaysia, unless otherwise stated.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of units in the Fund other than those contained in the Information Memorandums and, if issued, given or made, such advertisement, information or representations must not be relied upon by an investor. Any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations in the Information Memorandums will be solely at the risk of the Sophisticated Investor. Sophisticated Investors may wish to consult their independent professional adviser about the suitability of the Fund for their investment needs.

The Information Memorandums do not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Manager has the right to reject any application by a US Person. However, if you are investing through our appointed distributor who operates under a nominee system of ownership, kindly consult the respective distributor accordingly.

PERSONAL DATA

As part of our day to day business, we collect your personal information when you apply to open an account with us, subscribe to any of our products or services or communicate with us. In return, we may use this information to provide you with our products or services, maintain our records or send you relevant information. We may use your personal information which includes information on any transactions conducted with us, for one or more of the following purposes, whether in Malaysia or otherwise:

- a. Assess your eligibility or suitability for our products which you had applied for and to verify your identity or financial standing through credit reference checks;
- b. To notify you of more and up to-date information such as improvements and new features to the existing products and services, development of new products, services and promotions which may be of interest to you;
- c. Manage and maintain your account(s) through regular updates, consolidation and improving the accuracy of our records. In this manner we can respond to your enquiries, complaints and to generally resolve disputes quickly so that we can improve our business and your relationship with us;
- d. Conduct research for analytical purposes, data mining and analyse your transactions / use of products and services to better understand your current financial / investment position and future needs. We will also produce data, reports and statistics from time to time, however such information will be aggregated so that your identity will remain confidential;
- e. Comply with the requirements of any law and regulations binding on us such as conducting anti-money laundering checks, crime detection / prevention, prosecution, protection and security;
- f. Enforcement of our rights to recover any debt owing to us including transferring or assigning our rights, interests and obligations under any of your agreement with us;
- g. In the normal course of general business planning, oversight functions, strategy formulation and decision making within AmBank Group;
- h. To administer and develop the Manager's and/or the Manager's associated companies within the AmBank Group business relationship with you;
- i. Outsourcing of business and back-room operations within AmBank Group and/or other service providers; and
- j. Any other purpose(s) that is required or permitted by any law, regulations, standards, guidelines and/or relevant regulatory authorities including with the trustee of the Fund.

Sophisticated Investors are advised to read our latest or updated Privacy Notice (notice provided as required under the Personal Data Protection Act 2010) available on our website at www.aminvest.com. Our Privacy Notice may be revised from time to time and if there is or are any revision(s), it will be posted on our website and/or other means of communication deemed suitable by us. However, any revision(s) will be in compliance with the Personal Data Protection Act 2010.

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Unless otherwise provided in this Second Supplementary Information Memorandum, all the capitalized terms used herein shall have the same meanings ascribed to them in the Information Memorandum.

EXPLANATORY NOTE

This Second Supplementary Information Memorandum has been issued to informed Sophisticated Investors of the following, but not limited to:

- the update made to the disclosure in “Definitions”;
- the update made to the investment strategy for the Fund; and
- the insertion of new specific risks associated with the investment portfolio of the Fund.

A. DEFINITIONS

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The definition of “**ESG Assessment Methodology**” is hereby inserted under this section:

ESG Assessment Methodology

The Fund will invest in the Target Fund that complies with the following Sustainable Finance Disclosure Regulation (“SFDR”) classification which the Manager deems ESG positive:

1. Article 8 – defined as “a fund which promoted, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices”; and
2. Article 9 – defined as “a fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective”.

B. THE FUND’S DETAILED INFORMATION

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The following disclosure ‘**Investment Strategy**’ is hereby deleted and replaced with the following:

The Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund’s NAV in the Target Fund. This implies that the Fund has a passive strategy.

The Fund is a qualified SRI fund. It invests in the Target Fund that adopts thematic investment in companies that have a lower carbon intensity. This includes screening, selection, monitoring and realization of the Target Fund’s investments by the Investment Adviser. The Target Fund will adopt the following strategy to ensure that the companies that the Target Fund invests in are in line with the sustainability principles adopted and the overall impact of such investments of the Target Fund is not inconsistent with any other sustainability principles.

The Target Fund aims to provide long-term total return by investing in a portfolio of equities, while promoting ESG characteristics within the meaning of Article 8 of SFDR. The Target Fund aims to do this with a lower carbon intensity, calculated as a weighted average of the carbon intensities of the Target Fund’s investments.

In normal market conditions, the Target Fund invests a minimum of 90% of its net assets in accordance with the lower carbon strategy, in equities and equity-equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a regulated market in developed market, up to 10% of its net assets, may invest in units or shares of UCITS and/or other eligible UCIs (including bank deposits and money market instruments).

The Target Fund aims for lower exposure to carbon intensive businesses through portfolio construction.

The Target Fund uses a multi-factor investment process, based on five factors (value, quality, momentum, low risk

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and size), to identify and rank stocks in its investment universe with the aim of maximising the portfolio's risk-adjusted return. Although the investment process currently uses these five factors, it is subject to ongoing research regarding the current and potential additional factors. In order to lower the exposure to carbon intensive businesses, all stocks in the portfolio are assessed for their carbon intensity. A proprietary systematic investment process is then used to create a portfolio which maximizes the exposure to the higher ranked stocks and which aims for a lower carbon intensity, calculated as a weighted average of the carbon intensities of the Target Fund's investments, than the weighted average of the constituents of the Target Fund's reference benchmark (the "Lower Carbon Strategy").

More information on HSBC Asset Management's responsible investment policies is available at www.assetmanagement.hsbc.com/about-us/responsible-investing/policies. The policy outlines HSBC Asset Management's approach to sustainable investing, focusing on the ten principles of the UNGC. The UNGC sets out key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption.

When assessing companies' carbon intensity, the Investment Adviser may rely on expertise, research and information provided by well-established financial data providers.

The Target Fund will not invest in companies involved in the production of tobacco or related activities.

The Target Fund normally invests across a range of market capitalisations without any capitalisation restriction.

The Target Fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). The Target Fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the Target Fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the Target Fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.

The Target Fund's investment strategy adopts the above investing strategy. The Investment Adviser may take temporary defensive positions that may be inconsistent with the Target Fund's investment strategy in response to adverse market, economic, political or any other market conditions. However, in such circumstances, the Target Fund will always maintain at least 90% of its net assets in accordance with the Lower Carbon Strategy, in equities and equity-equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a regulated market in developed market.

If the Target Fund breaches the minimum asset allocation or the Target Fund's investments become inconsistent with the sustainability criteria, the Target Fund Investment Adviser shall dispose of the investment within three (3) months from the date of breach. The disposed investment will be replaced with other investment that are in line with the Target Fund's sustainability criteria in order to maintain the minimum asset allocation of the Target Fund that are subject to the sustainable considerations at all times.

The Fund will not be adopting any temporary defensive strategies during adverse market condition as the Fund is passively managed. Any breach as a result of:-

- (i) appreciation or depreciation in value of the Fund's investments; or
- (ii) repurchase of units or payment made out of the Fund,

need not be reported to the SC and must be rectified as soon as practical within seven (7) business days from the date of the breach. The seven-business day period may be extended to three (3) months if it is in the best interest of Unit Holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee.

The Manager may, in consultation with the Trustee and with the approval of the Unit Holders, terminate the Fund or replace the Target Fund with another fund that has similar objective if, in the Manager's opinion, the Target Fund no longer meets the Fund's investment objective. The replacement target fund must meet the requirements of the Guidelines on Sustainable and Responsible Investment Funds, where applicable. If the Target Fund no longer meets the requirements of the Guidelines on Sustainable and Responsible Investment Funds, the Fund's SRI status will be revoked.

C. RISK FACTORS

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The information in relation to “**Specific risks associated with the investment portfolio of the Fund**” is hereby inserted with the following:

Specific risks associated with the investment portfolio of the Fund	
Sustainability and Responsible Investment and Impact Risk	<p>As the Fund via investment in the Target Fund has an intention to generate positive sustainable and responsible impact alongside a financial return (“impact”), the investor must be able to accept temporary capital losses due to the potentially restricted number of companies that the Target Fund can invest in due to those companies which may not meet the sustainability considerations requirement and, consequently, should view investment in the Fund as a long-term investment.</p> <p>The Target Fund may seek to exclude holdings deemed inconsistent with the sustainability considerations. As a result, the investments of the Target Fund will be more limited than other funds that do not apply sustainability considerations. The Target Fund may be precluded from purchasing, or required to sell, certain investments that are inconsistent with its investment policy and sustainability considerations which might otherwise be advantageous to hold. The incorporation of sustainability considerations could result in performance that is better or worse than the performance of the other funds depending on the performance of the excluded investments and the investments included in place of such excluded investments of the Target Fund. The ESG Assessment Methodology such as the methodology used by the Manager for assessing the Target Fund with scoring matrix is incorporated in our investment process to mitigate this risk.</p>
Greenwashing Risk	<p>Greenwashing is defined as making false, misleading or unsubstantiated claims about the positive environmental impact of an investment product. The Fund via investment in the Target Fund may inadvertently invest into such products, without prior knowledge of the fraudulent claims. As greenwashing could result in reputational risk, regulatory fines, and/or withdrawal of the products, there could be a negative impact on the value of the Target Fund and the Fund.</p> <p>In mitigating the greenwashing risk, there are governance and guidelines in place for assessing the sustainability of the Target Fund. The methodology of ESG score for Target Fund is approved by appropriate approving authority internally, and the ESG score for Target Fund is updated periodically if there is changes, i.e. on a monthly basis. The Manager also will monitor any negative news to the Target Fund and Investment Adviser in relation to greenwashing.</p>

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