

ANNOUNCEMENT

NOTICE

To all Unit Holders of AmSustainable Series – Health Fund (formerly known as Sustainable Series – Health Fund)

RE: Issuance of the Second Supplementary Information Memorandum in respect of AmSustainable Series – Health Fund (formerly known as Sustainable Series – Health Fund) dated 1 March 2024

Dear Valued Unit Holders,

We wish to inform you that we have lodged the Second Supplementary Information Memorandum in respect of AmSustainable Series – Health Fund dated and effective 1 March 2024 (the “Second Supplementary Information Memorandum”) with Securities Commission Malaysia. The Second Supplementary Information Memorandum is to be read in conjunction with the Information Memorandum dated 28 June 2022 and the First Information Memorandum dated 28 February 2024 for AmSustainable Series – Health Fund.

This Second Supplementary Information Memorandum is issued to include the following, but is 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.

For further details, kindly refer to the summary list of key amendments below. Should you require further information and clarification, please do not hesitate to contact us at:

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AmFunds Management Berhad

1 March 2024

Summary List of Key Amendments for the Second Supplementary Information Memorandum in respect of AmSustainable Series – Health Fund dated 1 March 2024 (the “Second Supplementary Information Memorandum”). This Second Supplementary Information Memorandum is to be read in conjunction with the Information Memorandum dated 28 June 2022 and the First Supplementary Information Memorandum dated 28 February 2024 for AmSustainable Series – Health Fund.

Details	Prior disclosure in the Information Memorandum	Revised disclosure in the Second Supplementary Information Memorandum
Definitions – ESG Assessment Methodology	-	<p>ESG Assessment Methodology</p> <p>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:</p> <ol style="list-style-type: none"> 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”.
The Fund’s Detailed Information – Investment Strategy	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 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.

	<p>The Fund is a qualified SRI fund. It invests in the Target Fund that adopts thematic investment in sectors related to health. This includes screening, selection, monitoring and realization of the Target Fund’s investments by the Investment Manager. 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.</p> <p>The Target Fund aims to achieve capital growth by investing primarily in equities or similar securities issued by companies that are active in sectors related to health. The Target Fund may invest in any country (including emerging countries). The Target Fund also applies a sustainable strategy which aims to achieve a positive social impact by investing mainly in companies supporting the health of people. To safeguard the future of the world’s health services, better prevention and more effective treatments are necessary. These companies help to stem health care costs growth and maximize productivity.</p> <p>The Target Fund invests mainly in companies whose significant proportion of their activities (as measured by turnover, enterprise value, earning before income and tax, or similar metrics) are related to, but not limited to, increasing the health span of people (the time an individual spends in generally good health), preserving the health of individuals through promoting active lives or healthy environments, restoring health or improving the quality of life, financing health and helping to improve the efficiency of the health care system.</p>	<p>The Fund is a qualified SRI fund. It invests in the Target Fund that adopts thematic investment in sectors related to health. This includes screening, selection, monitoring and realization of the Target Fund’s investments by the Investment Manager. 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.</p> <p>The Target Fund aims to achieve capital growth by investing primarily in equities or similar securities issued by companies that are active in sectors related to health. The Target Fund may invest in any country (including emerging countries). The Target Fund also applies a sustainable strategy which aims to achieve a positive social impact by investing mainly in companies supporting the health of people. To safeguard the future of the world’s health services, better prevention and more effective treatments are necessary. These companies help to stem health care costs growth and maximize productivity.</p> <p>The Target Fund invests mainly in companies whose significant proportion of their activities (as measured by turnover, enterprise value, earning before income and tax, or similar metrics) are related to, but not limited to, increasing the health span of people (the time an individual spends in generally good health), preserving the health of individuals through promoting active lives or healthy environments, restoring health or improving the quality of life, financing health and helping to improve the efficiency of the health care system.</p>
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	<p>The investment process integrates ESG Factors based on proprietary and third-party research to evaluate investment risks and opportunities. The proportion of the Target Fund's portfolio subject to ESG analysis is at least 90% of the net assets or number of issuers. When selecting the Target Fund's investments, the ESG characteristics of issuers are taken into account to increase or decrease the target weight. It is expected that the resulting Target Fund's ESG characteristics will be higher than the reference index after removing the bottom 20% of issuers with the lowest ESG characteristics.</p> <p>This strategy applies an additional exclusion policy relating to direct investment in companies and countries and that are deemed incompatible with Pictet Asset Management's approach to responsible investment. Please refer to Pictet Asset Management's responsible investment policy on https://www.am.pictet/en/globalwebsite/globalarticles/company/responsible-investment for further information.</p> <p>The Target Fund's investment strategy adopts the above investing strategy. If the Target Fund's investments become inconsistent with its investment strategies, the Investment Manager shall dispose of the investment(s) within an appropriate timeframe.</p> <p>Even though the Fund is passively managed, the Fund's investments will be actively rebalanced from time to time to accommodate for subscription and redemption requests, price movements or due to reasons beyond Manager's control. During this period, the Fund's investment may differ from the stipulated asset allocation. Additionally, the Manager do not intend to take temporary defensive measure</p>	<p>The investment process integrates ESG Factors based on proprietary and third-party research to evaluate investment risks and opportunities. The Target Fund will invest at least 90% of the net assets or number of issuers are in line with the ESG characteristics. When selecting the Target Fund's investments, the ESG characteristics of issuers are taken into account to increase or decrease the target weight. The Target Fund will not invest more than 10% of its net assets in liquid assets.</p> <p>This strategy applies an additional exclusion policy relating to direct investment in companies and countries and that are deemed incompatible with Pictet Asset Management's approach to responsible investment. Please refer to Pictet Asset Management's responsible investment policy on https://www.am.pictet/en/globalwebsite/global-articles/company/responsible-investment for further information.</p> <p>The Target Fund's investment strategy adopts the above investing strategy. The Investment Manager 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. In such circumstances, the Target Fund typically invests at least 90% of net assets or number of issuers that the Investment Manager believes are positively aligned with ESG characteristics and may hold up to 10% of its assets in liquid assets as a defensive strategy.</p> <p>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</p>
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	<p>for the Fund during adverse market, economic, political or any other conditions to allow the Fund to mirror the performance of the Target Fund.</p> <p>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.</p>	<p>criteria in order to maintain the minimum asset allocation of the Target Fund that are subject to the sustainable considerations at all times.</p> <p>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:-</p> <ul style="list-style-type: none"> (i) appreciation or depreciation in value of the Fund’s investments; or (ii) repurchase of units or payment made out of the Fund, <p>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.</p> <p>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.</p>		
Risk Factors – Specific Risks	-	<p>Specific risks associated with the investment portfolio of the Fund</p> <table border="1" data-bbox="1180 1279 1995 1385"> <tr> <td data-bbox="1180 1279 1381 1385">Sustainability and Responsible</td> <td data-bbox="1381 1279 1995 1385">As the Fund via investment in the Target Fund has an intention to generate positive sustainable and responsible impact alongside a</td> </tr> </table>	Sustainability and Responsible	As the Fund via investment in the Target Fund has an intention to generate positive sustainable and responsible impact alongside a
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**Investment
and Impact
Risk**

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.

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.

Greenwashing Risk

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.

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 Manager in relation to greenwashing.