



**SECOND SUPPLEMENTARY INFORMATION  
MEMORANDUM DATED 22 JUNE 2021  
IN RESPECT OF  
AMCHINA A-SHARES**

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 22 JUNE 2021 HAS TO BE READ IN CONJUNCTION WITH THE SECOND REPLACEMENT INFORMATION MEMORANDUM DATED 5 MAY 2020 AND THE FIRST SUPPLEMENTARY INFORMATION MEMORANDUM DATED 8 APRIL 2021 FOR AMCHINA A-SHARES.

**SOPHISTICATED INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF INFORMATION MEMORANDUMS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**THIS SECOND SUPPLEMENTARY INFORMATION MEMORANDUM HAS TO BE READ IN CONJUNCTION WITH THE SECOND REPLACEMENT INFORMATION MEMORANDUM AND THE FIRST SUPPLEMENTARY INFORMATION MEMORANDUM FOR AMCHINA A-SHARES**

## **RESPONSIBILITY STATEMENTS**

This Second Supplementary Information Memorandum dated 22 June 2021 (the "Second Supplementary Information Memorandum") in relation to the Second Replacement Information Memorandum for AmChina A-Shares dated 5 May 2020 (the "Second Replacement Information Memorandum") and the First Supplementary Information Memorandum dated 8 April 2021 (the "First Supplementary Information Memorandum") (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**

A copy of this Second Supplementary Information Memorandum has been lodged with the Securities Commission Malaysia. The lodgement of the Information Memorandums should not be taken to indicate that the Securities Commission Malaysia recommends AmChina A-Shares (the "Fund") or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Information Memorandums.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of AmFunds Management Berhad, the management company responsible for the Fund and takes no responsibility for the contents in the Information Memorandums. The Securities Commission Malaysia makes no representation on the accuracy or completeness of the Information Memorandums, 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](http://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 Memorandums.

## A. DEFINITIONS

### Page 5 - 9 of the Second Replacement Information Memorandum and page 3 of the First Supplementary Information Memorandum

1. The definition of “Stock Connect” is hereby inserted under this section:

<b>Stock Connect</b>	The program which aims to achieve mutual stock market access between China and Hong Kong.
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2. The definition of “Target Fund’s Dealing Day” under Section 1 “Definitions” is hereby deleted and replaced with the following:

<b>Target Fund’s Dealing Day</b>	A day on which banks and exchanges in Luxembourg, Hong Kong as well as China (including Stock Connect northbound trading days) in which at least 70% of the investments of the Target Fund are quoted, listed or dealt in, are all open for business, or any other day determined by the board of directors of the Target Fund.
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## B. INFORMATION ON ALLIANZ GLOBAL INVESTORS FUND – ALLIANZ CHINA A-SHARES (THE TARGET FUND)

### Page 14 of the Second Replacement Information Memorandum

1. The information related to the investment strategy and principles of the Target Fund under Section 4.3 “Investment Objective and Restrictions” is hereby deleted and replaced with the following:

The investment strategy and principles of the Target Fund are as follows:

- a) The Target Fund assets may be invested in emerging markets.
- b) Maximum 69% of the Target Fund assets may be invested via RQFII.
- c) Maximum 20% of the Target Fund assets may be invested in equities of the PRC markets other than the China A-Shares market such as China B-Shares and China H-Shares.
- d) Maximum 10% of the Target Fund assets may be invested in equities outside the PRC.
- e) The Target Fund assets may not be invested in convertible debt securities including contingent convertible bonds.
- f) Maximum 10% of the Target Fund assets may be held directly in deposits and/or invested in money market instruments and/or in debt securities and/or in money market funds for liquidity management.
- g) Maximum 10% of the Target Fund assets may be invested in close ended funds listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange.
- h) Climate Engagement Strategy (including exclusion criteria) applies\*.
- i) Hong Kong Restriction applies.
- j) VAG Investment Restriction applies.
- k) GITA Restriction (Alternative 1) applies, however at least 70% of the Target Fund assets are invested in equity participation according to article 2, section 8 GITA

\* Note:-

*This Target Fund that is managed according to the Climate Engagement Strategy promotes responsible investment by including environmental factors and climate engagement with outcome and proxy voting in the analysis of investments.*

*It also promotes an environmental characteristic through the engagement with the top ten (10) carbon emitting issuers of the Target Fund to encourage its transition pathway to a low carbon economy by setting objectives targets which are sector specific. Top ten (10) carbon emitting issuers of the portfolio are ranked based upon the*

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*carbon emissions of the issuers in the portfolio for their Scope 1 and Scope 2 emissions data. Scope 1 aims to measure all direct emissions from the activities of a corporate or under their control. Scope 2 aims to measure all indirect emissions from electricity purchased and used by the corporate based upon the Greenhouse Gas Protocol definition.*

*The Target Fund's investment manager will ensure through the exercise of voting rights to promote good governance and advances environmental issues. The Target Fund's investment manager will engage with issuers regarding their target settings with respect to a climate transition pathway.*

*Governance characteristics are assessed based on the issuer's system of rules, practices, and processes by which it is directed and controlled.*

*In addition, Climate Engagement Strategy applies minimum exclusion criteria for:-*

- (i) severe violations of United Nations Global Compact Violators (Divestment of issuers that are unwilling to change after engagement);*
- (ii) issuers involved in the production of controversial weapons or issuers that derive more than a 10% of their revenues from weapons;*
- (iii) issuers that derive more than 10% of their revenue from thermal coal extraction and utility issuers that generate more than 20% of their revenues from coal; and*
- (iv) issuers involved in the production of tobacco, and issuers involved in the distribution of tobacco in excess of 5% of their revenues*

*For sovereign issuers, an insufficient Freedom House Index score is considered.*

*The Target Fund might invest in securities baskets such as indices which can contain securities falling under aforementioned exclusion criteria.*

*The Target Fund's investment manager that applies the Climate Engagement Strategy intends to:-*

- engage with the top ten (10) carbon emitting issuers of securities included in the Target Fund;*
- engage on climate transition with objective targets*

*Sovereign issuers included in the Target Fund assets will not be engaged with but issued securities to be acquired by the Target Fund will be subject to an SRI rating approach. The percentage of investment into sovereign issuers might vary from fund to fund. Some investments cannot be engaged with or rated according to the SRI rating methodology.*

*The Target Fund's investment manager will, if possible, give preference to transactions with derivatives that serve to fulfil the advertised environmental or social characteristics of this Target Fund that is managed in accordance with the Climate Engagement Strategy.*

**Page 17 of the Second Replacement Information Memorandum**

2. The information related to the dealing day / valuation day of the Target Fund under Section 4.8 "Deferral of Redemption and Conversion Requests" is hereby deleted and replaced with the following:

<b>Dealing Day / Valuation Day</b>	Luxembourg / Hong Kong / PRC (including Stock Connect northbound trading days)
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**Page 20 – 21 of the Second Replacement Information Memorandum**

3. The information related to the risk management process of the Target Fund under Section 4.11 "Use of Techniques and Instruments / Risk Management Process" is hereby deleted and replaced with the following:

**Risk Management Process**

The Management Company will calculate the global exposure of each Sub-Fund. The Management Company will use for each Sub-Fund either the commitment approach, the relative Value-at-Risk approach or the absolute

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Value-at-Risk approach. The Management Company is adopting the relative Value-at-Risk approach for the Target Fund.

The Management Company adopts the relative Value-at Risk approach, whereby the reference portfolio corresponds to the composition of the MSCI China A Onshore Index.

The expected level of leverage in terms of gross derivative exposure of the Target Fund's NAV is 0 – 2.

The expected level of leverage of derivatives of the Target Fund is expressed as a ratio between the aggregate of the notional values of all derivatives (excluding non-derivative investments) entered into by the Target Fund and the NAV calculated based on the fair market value of all investments (including derivatives). The actual level of leverage of the Target Fund might change over time and might temporarily exceed the expected level of leverage of derivatives of the Target Fund. Derivatives might be used for different purposes including hedging and/or investment purposes. The calculation of the expected level of leverage does not distinguish between the different purposes of a derivative. Therefore, this figure delivers no indication regarding the true riskiness of the Target Fund.

### **C. RELATED PARTY TRANSACTIONS OR CONFLICT OF INTEREST**

#### **Page 62 of the Second Replacement Information Memorandum**

The disclosure under Section 11 “Related Party Transactions or Conflict of Interest” is hereby updated and replaced with the following:

All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arm's length transaction between independent parties. The Fund may have dealings with parties related to the Manager. The related parties defined are AmIslamic Funds Management Sdn Bhd (“AIFM”), AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad and AmBank Islamic Berhad.

Trading in securities by an employee is allowed, provided that the policies and procedures in respect of the personal account dealing are observed and adhered to. The directors, investment committee members and employees are required to disclose their portfolio holdings and dealing transactions as required under the Personal Account Dealing Policy and the Management of Conflict of Interest Policy. Further, the abovementioned shall make disclosure of their holding of directorship and interest in any company.

The directors of AFM may have direct or indirect interest through their directorship in AIFM. Following are the details of the directors:

- Sum Leng Kuang is the independent director of AIFM.
- Tai Terk Lin is the independent director of AIFM.
- Goh Wee Peng is the non-independent director of AIFM.

For further details of the directors' profiles, please refer our website ([www.aminvest.com](http://www.aminvest.com)).

To the best of Trustee's knowledge, there has been no event of conflict of interest or related party transaction which exists between the Trustee and the Manager or any potential occurrence of it.

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