WELLINGTON MANAGEMENT®

PRODUCT KEY FACTS
Wellington Management Funds (Luxembourg) III SICAV
Wellington Credit Income Fund
June 2022

- **This statement provides you with key information about this product.**
- **This statement is a part of the Hong Kong offering document.**
- **You should not invest in this product based on this statement alone.**

Quick Facts

Manager:	Wellington Luxembourg S.à r.l.
Investment Manager:	Wellington Management Company LLP (located in the United States, internal delegation)
Depositary:	State Street Bank International GMBH, Luxembourg Branch
Base currency:	USD
Dealing frequency:	Daily
Ongoing charges over a year:	Class A (hedged / unhedged): 1.41*%
Dividend policy:	**Class A M4 Distributing Share Classes^:** Monthly distribution (subject to the discretion of the board of directors of the Company), will be paid in cash or reinvested at the choice of shareholders. **Class A Accumulating Share Classes:** The net investment income and net realised capital gains are retained. ^Dividend payments may be made out of the Fund's income and/or capital. Distributions out of capital or effectively out of capital may result in an immediate decrease of the net asset value per share of the class
Minimum investment:	Class A: USD5,000 initial, USD1,000 additional (or its equivalent amount in other available currencies)
Financial year end:	30 September

* This share class was recently launched and therefore the ongoing charges figure is based on the annualized ongoing expenses chargeable to this share class for the period from the date of launch of the share class up to 30 September 2021, expressed as a percentage of the average net asset value of the share class for the corresponding period. This figure may vary from year to year.

What is this product?

Wellington Credit Income Fund ("**Fund**") is a sub-fund of Wellington Management Funds (Luxembourg) III SICAV ("**Company**"), which is an open-ended investment company with variable capital (*société d'investissement à capital variable*) domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier ("**CSSF**").

Investment Objective and Policy

Investment Objective

The investment objective of the Fund is to seek long-term total returns, with a secondary focus on providing regular income, by investing at least 70% of its net asset value, either directly or indirectly, in assets across a broadly diversified portfolio of credit instruments issued globally.

Investment Policy

The Fund will be actively managed, seeking to achieve the objective by allocating its assets across a broadly diversified portfolio of credit instruments from an investment universe which restricts investment in certain industries such as fossil fuels, controversial and conventional weapons; and tobacco and cannabis. The Investment Manager believes that higher yielding credit sectors are subject to a variety of pricing inefficiencies.

With an aim to seek total returns and providing regular income, the Fund will invest primarily in higher yielding sectors of the credit market, such as emerging market debt and high yield debt, but may also invest in other debt obligations deemed to be consistent with the investment objectives of the Fund. The securities the Fund may invest in include, but are not limited to, securities issued by corporate, governmental (including municipal and agency) and supranational entities located around the world; mortgage securities (including collateralized mortgage obligations ("**CMOs**") and commercial mortgage-backed securities ("**CMBS**")); agency mortgage-backed securities; asset-backed securities; inflation-linked bonds,credit-linked notes and structured notes; repurchase and reverse repurchase agreements; preferred securities; real estate investment trust ("**REITs**") debt; convertible bonds; fixed income exchange traded funds ("**ETFs**"); and short term instruments including cash and cash equivalents.

The Fund may invest no more than 30% of its net asset value in debt instruments with loss-absorption features including Contingent Convertible and Contingent Capital Securities ("**CoCos**"), non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC), Tier 1 debt securities which include contingent convertible securities, Tier 2 and Tier 3 debt instruments provided that the Fund's exposure to CoCos will not exceed 15% of the net asset value of the Fund. These debt instruments with loss-absorption features may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). Aside from as set forth herein, equities and warrants will not be purchased directly, and the Fund will only hold these securities if received as part of a restructuring or as the result of a conversion of a hybrid security. The Fund may also hold private placements, including those issued pursuant to Rule 144A and/or Regulation S securities (Rule 144A and Regulation S securities are those offered without registration under the United States Securities Act of 1933 and that are not publicly traded securities), and other restricted securities which contain commitments to register to trade publicly within 12 months or the liquidity of which is deemed appropriate by the Investment Manager and consistent with the Fund's investment objective.

The Fund is unconstrained on the portion of its net asset value that may be invested in emerging markets, in any one country or region, or in Rule 144A and Regulation S securities.

Under exceptional circumstances (e.g. market crash or major crisis), the Fund may be invested temporarily up to 100% in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Fund may buy and sell financial derivative instruments ("**FDIs**") and may hold outright short positions via derivative instruments for hedging purposes and otherwise in pursuit of the Fund's investment objective and policy. The Fund will not have net short position on an overall basis and will not have uncovered short positions.

Active currency management will be permitted. The Fund will be denominated in the base currency, but currency exposure will be taken on an opportunistic basis. Currency exposure including cross-currency positions, which are not related to the Fund's bond and cash equivalent positions, may be assumed.

The average portfolio duration* of the Fund will generally range between 2-6 years. The Fund's investments in below investment grade and unrated securities may from time to time be up to 100% of its net asset value based on market conditions and investment opportunities and for the purpose of achieving its investment objective. However, it is intended that the weighted average credit quality of the Fund will typically be investment grade i.e. at or above Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. The Fund's average credit quality may be below investment grade from time to time as a result of credit downgrades, rating removal, default or in certain market conditions that the Investment Manager deems appropriate. If a security is unrated, then an equivalent credit rating, as deemed by the Investment Manager, may be used. The Investment Manager may in its discretion exclude such unrated securities from the credit quality calculation of the Fund. The Fund will not invest more than 10% of its net asset value in securities issued by or guaranteed by any single country with a credit rating below investment grade.

The Investment Manager defines the investment universe for the Fund by using standard industry calssifications to exclude issuers within or reliant upon the following industries: fossil fuels, controversial and conventional weapons; and tobacco and cannabis. However, the Investment Manager's view of the investment universe may evolve over time and further exclusions may be added.

The Fund will aim to declare a distribution of between 4%-6% of the Fund's net asset value in USD on an annual basis, dependent on market conditions, however this is not guaranteed. The Fund will invest primarily in higher yielding sectors of the credit market to generate a regular income comparable to the indicative distribution percentage. Where there is insufficient income in a given month, distribution may be made before the deduction of fees and expenses and/or include capital distributions, so in order to deliver a regular income the potential for capital growth may be reduced and capital may be eroded in the long term.

**Note: Duration is a measure of the expected life of a debt obligation on a present value basis.*

Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.

What are the key risks?

Investment involves risks. Please refer to the Hong Kong offering document for details including the risk factors.

General investment risk

- The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

Risk relating to credit instruments, fixed income and other debt securities ("debt securities")

- Counterparty risk: The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.
- Interest rate risk: Investment in a debt securities will normally involve the assumption of interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.
- Volatility and liquidity risk: The debt securities in some markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of debt securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such debt securities may be large and the Fund may incur significant trading costs.
- Downgrading risk: The credit rating of a debt securities or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Management Company and/or the Investment Manager may or may not be able to dispose of the debt securities that are being downgraded.
- Risk associated with debt securities rated below investment grade or unrated: The Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility than high-rated debt securities.
- Sovereign debt risk: The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to

participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.
- Valuation risk: Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Fund.
- Credit rating risk: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Risks relating to emerging markets

- The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Risks relating to mortgage and other asset-backed securities

- The Fund may invest in mortgage-related and other asset-backed securities (e.g. CMOs and CBMS) which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Risks relating to securities issued by REITS

- Securities of real estate investment trusts (REITs) are companies that acquire and/or develop real property for long term investment purposes. They invest the majority of their assets directly in real property and derive their income primarily from rents. There are special risk considerations associated with investing in the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risk related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Fund's investment.
- The underlying REITs which the Fund may invest in may not necessarily be authorized by the SFC and the dividend or pay out policy of the Fund is not representative of the dividend or pay out policy of the underlying REITs.

Risks of investing in convertible bonds

- Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risks relating to ETFs

- The Fund may invest in ETFs specialised in different asset classes and sectors. Shares or units in ETFs represent interests in (i) fixed portfolios of equity shares or debt securities designed to track the price and dividend yield performance of broad-based securities indices; (ii) "baskets" of industry-specific securities; or (iii) commodities. Shares or units in ETFs are traded on an exchange like equity shares in companies, and the value of such shares or units fluctuate in relation to changes in the value of the underlying asset of the ETF. However, the market price of shares or units in ETFs may not be equivalent to the pro rata value of the underlying asset of the ETF. Shares and units of ETFs are subject to the risks of an investment in a broadbased portfolio of equity shares or to the risks of a concentrated, industry-specific investment in equity shares. Furthermore, certain ETFs in which the Funds may invest may leverage their assets, thereby significantly increasing the potential volatility of such ETFs.

Risks of investing in Rule 144A and Regulation S securities

- The Fund may purchase securities which are securities that are not registered under the United States Securities Act of 1933 and that are not publicly traded securities, such as Rule 144A securities and Regulation S securities. These securities may be less liquid than publicly traded securities, and the Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by the Fund. Further, companies whose securities are not publicly traded may not be subject to disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.
- These securities may also be subject to restrictions on resale or transfer as a matter of contract or law, and normally, may only be sold to certain qualified institutional buyers. There is no assurance that the Fund would be able to dispose such securities readily.

Risks associated with investments in debt instruments with loss-absorption features

- Debt instruments with loss absorption features (e.g. CoCos) are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined triggering events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such triggering events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Fund may invest in contingent convertible debt securities, commonly known as CoCos, and other instruments with loss absorption features which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos and other instruments with loss absorption features may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

Currency risk

- Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a class of shares may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Risks relating to financial derivative instruments

- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDIs can result in a loss significantly greater than the amount invested in the FDIs by the Fund. Exposure to FDIs may lead to a high risk of significant loss by the Fund.

Risks associated with distribution out of/effectively out of the Fund's capital

- Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the net asset value per share.

- The distribution amount and net asset value of a hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

How has the Fund performed?

There is insufficient data to provide a useful indication of past performance to investors as the share class is newly launched.

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund.

Fee	What you pay
Preliminary Charge	Class A: Up to 5% of the amount of the investment
Switching fee	Class A: Up to 1% of the amount of shares converted
Redemption fee	Class A: Nil

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the net asset value of the relevant class of the Fund)
Investment management fee	Class A: 1.15%
Depositary fee	The depositary fee is covered by the administrative fee.
Performance fee	N/A
Administrative fee	Class A: Up to 0.40%

Other fees

You may have to pay other fees and charges when dealing in the shares of the Fund.

Additional Information

- You generally buy and redeem shares at the Fund's next-determined price after the transfer agent of the Fund receives your request in good order on or before 3:00 pm Luxembourg time on any dealing day (i.e. each business day). Dealing requests may also be submitted to the authorised distributors in Hong Kong who may have a different earlier dealing cut-off time. Investors should pay attention to the applicable dealing cut-off time of the authorised distributors. A "business day" is every day that US Federal banks and the New York Stock Exchange are open for business except for: Easter Monday, May 1st, the weekday prior to and following Christmas Day as observed by the New York Stock Exchange as well as any such other days as the board of directors may from time to time determine.

- Under certain infrequent circumstances, the timing and amount of redemption proceeds may be delayed or reduced for liquidity risk management purposes. Please read the information under the

"Liquidity Risk Management – Liquidity Risk Management Tools" of the Hong Kong Covering Document on different types of liquidity management tools for more details.

- The net asset value of the Fund is calculated and the price of shares are published on each Hong Kong business day. They are available online at www.wellington.com.hk. This website has not been reviewed by SFC.

- The composition of the latest dividends, i.e. the relative amounts paid out of (i) net distributable income and (ii) capital for the last 12 months are available from the Hong Kong Representative upon request and on www.wellington.com.hk. This website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.