

- ***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)
Depository:	State Street Bank International GMBH, Luxembourg Branch
Base currency:	USD
Dealing frequency:	Daily
Ongoing charges over a year:	Class A (hedged / unhedged): 1.79*%
Dividend policy:	<p><b>Class A M4 Distributing Share Classes<sup>^</sup>:</b> 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.</p> <p><b>Class A Accumulating Share Classes:</b> The net investment income and net realised capital gains are retained.</p> <p><sup>^</sup>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</p>
Minimum investment:	Class A: USD5,000 initial, USD1,000 additional (or its equivalent amount in other available currencies)
Financial year end:	30 September

\* The ongoing charges figure is an estimate only as the share class is newly launched. It represents the sum of the estimated ongoing expenses chargeable to the respective class of the Fund over a 12-month period expressed as a percentage of the estimated average net asset value of the respective class of the Fund over the same period. The actual figure may be different from the estimate and the figure may vary from year to year.

#### What is this product?

Wellington Multi-Asset High 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 deliver a regular income, with a secondary focus on capital growth, by investing at least 70% of its net asset value, either directly or indirectly, in global assets including equities, sovereign, corporate and inflation-linked bonds.

### Investment Policy

The Fund will be actively managed, seeking to achieve the objective through investment across a broad array of global assets. The investment approach utilises a dynamic asset allocation across these underlying assets to support the income objective and may invest up to 70% of its net asset value in equities and up to 70% of its net asset value in fixed income securities.

To generate consistent income, the Fund adopts a multi-asset approach, using two key skills: sourcing unique insights from all asset classes and then combining them effectively in a well-diversified portfolio. The Investment Manager also uses a covered call strategy which aims to generate additional income for the Fund through premiums from the sale of call options.

The Investment Manager aims to avoid the highest yielding sectors of the market as they are often indicative of a high probability of capital erosion. The Investment Manager seeks to diversify by considering what are the factors or the wider investment themes that are driving markets, which may be economic or political factors (local or international), valuations or market sentiment. The Investment Manager believes an unconstrained investment and research approach is essential, therefore it combines both fundamental research (looking at key economic, political and financial factors) and quantitative insights (looking at financial and economic data) to broaden the opportunity set.

The asset allocation of the Fund will change according to the Investment Manager's view of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

The Investment Manager will use its ability to dynamically allocate assets and actively reposition the Fund, either through direct investment or the use of financial derivative instruments ("**FDIs**"), to seek to control volatility and manage downside risk through active hedging strategies during adverse market environments. The Fund will generally be well diversified by country, currency, industry, sector, issuer, and market capitalisation but may hold positions that are concentrated in this manner from time to time. The Fund may invest in both developed and emerging markets. The Fund will primarily invest, directly or indirectly through the use of FDIs, in securities including but not limited to: equity and other securities with equity characteristics, common stock, preferred stock, investments in real estate investment trusts ("**REITs**"), depository receipts (such as American depository receipts (ADRs), global depository receipts (GDRs) and European Depository Receipts), debt securities issued by corporate, governmental (including municipal and agency) and supranational entities located around the world and short-term instruments including cash and cash equivalents. The Fund may also invest in market access products (comprising warrants on equities, options on equities and equity swaps), subject to the net derivative exposure limit.

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 securities issued by companies of any market capitalization.

The Investment Manager may also invest less than 30% of the Fund's net asset value in each of the following: convertible securities, warrants ; mortgage securities (including collateralized mortgage obligations ("**CMOs**") and commercial mortgage-backed securities ("**CMBS**")); agency mortgage-backed securities; asset-backed securities; inflation-linked bonds; index linked bonds; credit-linked notes and structured notes; reverse repurchase agreements; preferred securities; REITs debt; convertible bonds; fixed income exchange traded funds ("**ETFs**"), 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 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 loss-absorbing capacity debt instruments (LAC) 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 5% of the net asset value of the Fund. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

There will be no limitations on the credit quality of individual securities in the Fund and the Fund will invest in securities denominated in multiple currencies. As a result of investments in high yield or sub-investment grade bonds, the Fund's weighted average credit quality may be below investment grade, i.e. below Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch, or equivalent internal rating as determined by the Investment Manager.

Insofar as the Fund seeks to gain exposure to commodities, such exposure shall be achieved through investing in swaps, options and futures. 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 FDIs, across all asset classes and may hold outright short positions via derivative instruments for hedging purposes and otherwise in pursuit of the Fund's investment objective and policy.

Currency exposure, from the use of forward currency exchange contracts in multiple currencies, is actively managed within the Fund and may include cross-currency positions which may or may not be influenced by the Fund's positions.

The Fund does not consider a benchmark during portfolio construction or for performance comparison purposes. The Fund should be expected to have a lower sensitivity to global equity and fixed income markets than holding both of those asset classes directly due to active portfolio management including risk management techniques.

The Fund will aim to declare a dividend of between 5%-8% of the Fund's net asset value in USD on an annual basis, dependent on market conditions, however this is not guaranteed. The Fund adopts a multi-asset approach to generate consistent income comparable to the indicative distribution percentage. Where there is insufficient income in a given month, distributions may be made before the deduction of fees and expenses and/or include capital distributions, in which case the potential for capital growth may be reduced and capital may be eroded in the long term.

### **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 dynamic asset allocation strategy**

- The dynamic asset allocation strategy may not achieve the desired results under all circumstances and market conditions.
- The investments of the Fund may be periodically rebalanced in the pursuit of its investment objective, and therefore the Fund may incur greater transaction costs than a Fund with a static allocation strategy.

#### **Risks relating to equity securities**

- Equity market risk: The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- Risk associated with small-cap and mid-cap companies: The stock of small-cap and mid-cap companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.
- Risk associated with high volatility of equity markets: High volatility and potential settlement difficulties in the equity markets of some countries may also result in significant fluctuations in the prices of the

securities traded on such markets and thereby may adversely affect the value of the Fund.

- Risk associated with securities exchanges of equity markets: Some securities exchanges may have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

#### **Risk relating to fixed income and other 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 instrument will normally involve the assumption of interest rate risk. Generally, the value of fixed income 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 securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- Downgrading risk: The credit rating of a debt instrument 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 instruments 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 associated with investments in debt instruments with loss-absorption features**

- Debt instruments with loss absorption features 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 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
<b>Preliminary Charge</b>	Class A: Up to 5% of the amount of the investment
<b>Switching fee</b>	Class A: Up to 1% of the amount of shares converted
<b>Redemption fee</b>	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.

	<b>Annual rate (as a % of the net asset value of the relevant class of the Fund)</b>
<b>Investment management fee</b>	Class A: 1.50%
<b>Depository fee</b>	The depository fee is covered by the administrative fee
<b>Performance fee</b>	N/A
<b>Administrative fee</b>	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 p.m. 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](http://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](http://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.