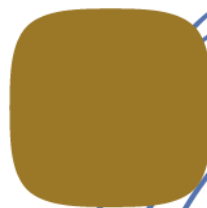




Article 10 Sustainability-related Disclosures of an Article 8 Fund

SMD-AM Ares ESG Enhanced Global High Yield Bond Fund

**Disclosures relating to Regulation (EU) 2019/2088 (SFDR)
Sustainability-related Disclosure in the Financial Services
Sector**



The disclosures in this document are designed to comply with Article 10 and of the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) (“SFDR”) and Articles 25 to 36 of Commission Delegated Regulation (EU) 2022/1288.

The Sub-Fund is making disclosures as an Article 8 fund for the purposes of the SFDR.

The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

This document contains both product and firm-wide specific information for the strategy on sustainability-related aspects.

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SMD-AM Ares ESG Enhanced Global High Yield Bond Fund

Summary

This document has been prepared by Sumitomo Mitsui DS Asset Management (UK) Limited (the “**Investment Manager**”), which has appointed Ares Capital Management II LLC (the “**Sub-Investment Manager**”) as the sub-investment manager for the SMD-AM Ares ESG Enhanced Global High Yield Bond Sub-Fund (the “**Sub Fund**”).

This document is designed to meet the requirements of the EU Sustainable Finance Disclosure Regulation (“**SFDR**”); namely Article 10(1) of Regulation (EU) 2019/2088, and Articles 24 to 36 of the Commission Delegated Regulation (EU) 2022/1288.

This document contains both product and firm-wide specific information for the strategy on sustainability-related aspects. The purpose of this document is to provide transparency on the Sub-Fund’s sustainability characteristics and/or objectives, and the methodologies which have been adopted to monitor and measure these within the investment strategy.

The Sub-Fund is classified as Article 8 under SFDR.

No sustainable investment objective: This Sub-Fund promotes environmental and social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product: The Sub-Fund promotes environmental and social characteristics through the exclusion of investments in investee companies that: (i) operate in carbon intensive sectors and controversial industries; (ii) involve investee companies which the Sub-Investment Manager considers are lagging behind their respective peers on ESG issues; and (iii) have an **Ares ESG Rating** of “B” or less by reference to the issuers which comprise the ICE BofA Global High Yield Constrained Index (HW0C) (the “**Benchmark**”).

Investment Strategy: The Sub-Fund is actively managed and may invest up to 100% of its net assets in Global High Yield Bonds. The Global High Yield Bonds that the Sub-Fund primarily invests in consist of high yield corporate bonds, issued mainly in developed markets that are typically rated lower than Baa by Moody’s or BBB by S&P or equivalently rated by Fitch. The investment strategy will meet the environmental and social characteristics promoted by the Sub-Fund by: (i) excluding certain carbon intensive sectors; (ii) investing in a socially responsible manner; and (iii) applying an enhanced due diligence screen. The Sub-Fund will also assess the good governance practices of the investee companies, which will consider relevant governance factors that relate to sound management structures, employee relations, remuneration of staff and tax compliance.

Proportion of Investments: The Sub-Fund invests at least 80% of its assets in investments that are aligned with the promoted environmental and/or social characteristics (#1 Aligned with E/S characteristics). The investments which are not aligned with these characteristics (#2 Other) may include cash or cash equivalent securities.

Monitoring of environmental or social characteristics: The Sub-Investment Manager monitors the following sustainability indicators to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund: carbon intensive exclusion screen; socially responsible negative exclusion screen; and enhanced due diligence screening. At Quarterly ESG Meetings, portfolio specific ESG risk is evaluated. Additionally, the Sub-Investment Manager targets engagement with portfolio companies on ESG matters that could pose risks to the company or industry.

Methodologies for environmental or social characteristics: The exclusion screens rely on the Sub-Investment Manager’s determination (based on its reasonable opinion, having made reasonable enquiry) as to whether the investee company should be excluded by the relevant screen. After the application of the

exclusion screen and as part of its due diligence process, the Sub-Investment Manager will establish whether a potential borrower/issuer has an MSCI ESG Rating. All Ares ESG Ratings will be re-assessed on a quarterly basis.

Data sources and processing: The data sources used to attain the environmental and social characteristics promoted by the Sub-Fund typically include: third-party standards, guidelines and metrics, company reports and publicly available information, as the Sub-Investment Manager deems relevant from time to time.

Given that the data sources include information provided by an investee company and publicly available information, it is expected that the initial amount and quality of the data available on ESG performance may be limited and not always of consistently high quality. This can be partially mitigated by collecting data on readily observable or measurable indicators; and / or by providing technical assistance to the investee companies to improve their capacity to collect and report such data. The preference is to have data acquisition as automated as possible to avoid any operational risks or unnecessary human error.

Data is processed by the Sub-Investment Manager. It is not possible to give a proportion of data that is estimated, since this may vary on a case-by-case basis in relation to each investment.

Limitations to methodologies and data: The primary limitations on the above-mentioned data relate to the reliance on self-reported and publicly available data and the use of estimates in some cases. Since most companies worldwide are not currently required by law to report on the majority of ESG data, companies are left to determine themselves which ESG factors are material to their business performance. It means that ESG data can vary significantly across companies, sectors and jurisdictions. Where estimated data is used it will be based upon reasonable assumptions and appropriate comparators.

Due diligence: In connection with the promotion of environmental and social characteristics, and exclusion of certain investments, the Sub-Investment Manager will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, prior to making portfolio investments. Due diligence typically focused on the industry of the relevant portfolio company, the target portfolio investment and potential areas for growth. Due diligence may entail an evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. External consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. The Sub-Investment Manager will also rely on information provided by the proposed investee company target of the investment and, in some circumstances, third-party investigations.

Engagement Policies: The Sub-Investment Manager will seek to engage with portfolio investments and investee companies as part of its application of the Enhanced Due Diligence Screen and when assessing the good governance practices of the investee companies.

No designated reference benchmark: No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

No sustainable investment objective

This fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental and social characteristics through the exclusion of investments in the following manner:

- the **Socially Responsible Negative Exclusion Screen** whereby the Sub-Investment Manager will seek to minimise the Sub-Fund's exposure to certain carbon intensive sectors and controversial industries;
- an **Enhanced Due Diligence Screen** by which the Sub-Fund will (a) not invest in borrowers or issuers which the Sub-Investment Manager (in its reasonable opinion) considers are lagging behind their respective peers on identified environmental, social and governance ("**ESG**") issues; and (b) seek predominantly to acquire Investments that directly relate to borrowers or issuers that the Sub-Investment Manager (in its reasonable opinion) considers are making progress on identified ESG issues; and
- an exclusion of issuers with an **Ares ESG Rating** of "B" or less by reference to the issuers which comprise the ICE BofA Global High Yield Constrained Index (HW0C) (the "**Benchmark**").

The Sub-Fund does not use a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the fund.

Investment Strategy

- **The investment strategy used to meet the environmental and social characteristics promoted by the Fund**

The Sub-Fund aims for long-term growth of its assets through primarily investing in global high yield bonds, as described in detail in the Sub-Fund's investment policy. The Sub-Investment Manager will evaluate the investment universe based on its proprietary ESG score and compose the portfolio of the Sub-Fund with the application of the Socially Responsible Negative Exclusion Screen.

The Sub-Fund is actively managed and may invest up to 100% of its net assets in global high yield bonds. The global high yield bonds that the Sub-Fund primarily invests in consist of high yield corporate bonds, issued mainly in developed markets that are typically rated lower than Baa by Moody's or BBB by S&P or equivalently rated by Fitch.

The Sub-Fund employs thorough credit underwriting and exclusions based on certain environmental and social characteristics to achieve the aforementioned objective. Specifically, the investment strategy will seek to:

1. **Excluding certain carbon intensive sectors:** the Sub-Investment Manager will exclude any investment which at the time of the Sub-Fund's initial investment (and as determined by the Manager in its reasonable opinion, having made reasonable enquiry in good faith): a. derives 10% or more of revenues from exploration, mining, extraction, distribution or refining of oil fuels; b. derives 50% or more of revenues from exploration, extraction, manufacturing or distribution of gaseous fuels; c. derives 1% or more of revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; d. derives 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO₂ e/kWh; (together the '**Carbon Intensive screen**').
2. **Investing in a socially responsible manner:** the Sub-Investment Manager will exclude any investment which at the time of the Sub-Fund's initial investment (and as determined by the Manager in its reasonable opinion, having made reasonable enquiry in good faith): a. derives a majority of revenues from the production, dissemination and/or promotion of pornography; b. is involved in the cultivation and production of tobacco; c. is involved in any activities related to controversial weapons; d. that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for

Multinational Enterprises; or e. has been (or whose current senior management have been) convicted for violations of anti-corruption and anti-bribery laws and has demonstrated an ongoing failure to take action to address, manage and prevent bribery and corruption risks in such business's operations; (together the "**Socially Responsible Negative Exclusion Screen**").

3. **Excluding 'laggard' Investments due to a lack of progress on ESG issues:** the Sub-Investment Manager will apply an "**Enhanced Due Diligence Screen**" to ensure that the Sub-Fund does not invest in investments which are lagging behind their respective peers on identified environmental, social and governance issues.
 - a. Not invest in investments that directly relate to borrower or issuers the Sub-Investment manager (in its reasonable opinion) considers are lagging behind their respective peers on identified ESG issues; and
 - b. Seek predominantly to acquire Investments that directly relate to borrowers or issuers that the Sub-Investment Manager (in its reasonable opinion) considers are making progress on identified ESG issues.

(More detailed information is available in the SMD-AM Fund Prospectus, July 2026).

■ The policy to assess good governance practices of investee companies

The Sub-Fund will assess the good governance practices of the investee companies that the Sub-Fund invests in including within the due diligence process which will consider relevant governance factors that relate to sound management structures, employee relations, remuneration of staff and tax compliance. Governance factors will be included in the Investment Team's wider ESG assessment.

Upon closing an investment, the Investment Team will continue to monitor governance related practices via periodic interaction with key stakeholders including at the investee company level.

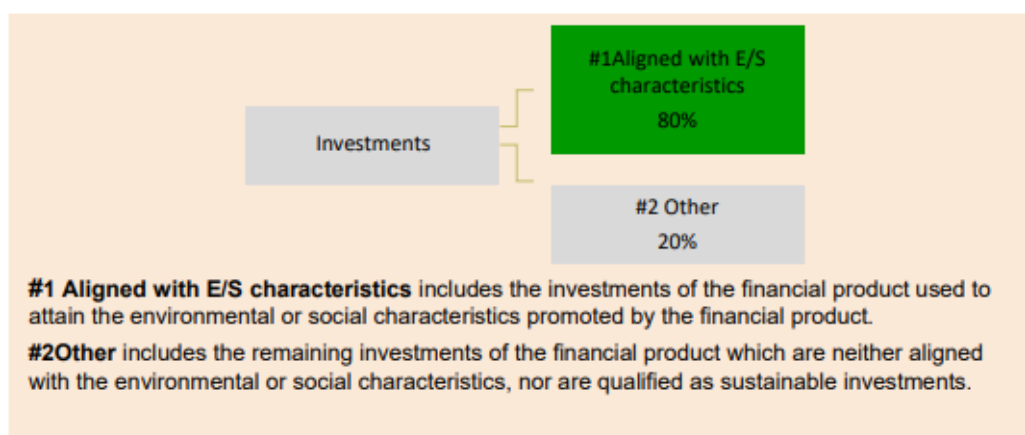
Proportion of Investments

The Sub-Fund invests at least 80% of its assets in investments that are aligned with the promoted ESG characteristics (#1 Aligned with E/S characteristics).

The investments which are not aligned with these characteristics (#2 Other) may include cash or cash equivalent securities.

The Sub-Fund does not commit to a minimum extent of sustainable investments with environmental or socially sustainable objectives aligned with the EU Taxonomy and this is therefore deemed to constitute 0%.

Please refer to the diagram below, which sets out how the asset allocation is displayed in Annex II of the SFDR RTS, completed in respect of the Sub-Fund.



Source: SMD-AM Funds Prospectus as at March 2025, please note that the latest version is available on the www.smd-am.co.uk website.

All of the Sub-Fund's exposures to investee entities are expected to be direct exposures, through the form of financial instruments acquired on the secondary market.

Monitoring of environmental or social characteristics

The Sub-Fund uses the following sustainability indicators to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund and these are monitored as follows:

■ Carbon Intensive Exclusion Screen:

The value of investments made that on the reference date are inconsistent with the exclusion. This is anticipated to be zero;

■ Socially Responsible Negative Exclusion Screen:

The value of investments made that on the reference date are inconsistent with the exclusion. This is anticipated to be zero; and

■ Enhanced Due Diligence Screen:

The value of investments made that on the reference date are considered rated "B" or less. Where the Sub-Fund holds an investment on the reference date which is rated at "B" or less due to a change in the composite score of the borrower/issuer after the most recent quarterly review, the Sub-Investment Manager will provide details of when the Sub-Fund divested of the relevant investment in the next periodic report.

At the Quarterly ESG Meetings, ESG Portfolio Dashboard reports and industry level/downgrades (ESG watch lists) are utilised to evaluate portfolio specific ESG risk. These reports are based on analysts' proprietary ESG ratings and MSCI scores. Additionally, the Sub-Investment Manager targets engagement with portfolio companies on ESG matters that could pose risks to the company or industry.

Methodologies for environmental or social characteristics

The exclusion screens described above rely upon the Sub-Investment Manager's determination (based on its reasonable opinion, having made reasonable enquiry) as to whether the investee company should be excluded by the relevant screen.

After the application of the exclusion screens and as part of its due diligence process, the Sub-Investment Manager will establish whether a potential borrower/issuer has an MSCI ESG Rating:

- Where the borrower/issuer does have an existing MSCI ESG Rating, the Sub-Investment Manager will assess the ESG scores and data which support the MSCI ESG Rating with a view to determining the issuer/borrower's progress on ESG issues (beyond the management of ESG risk or opportunity). In addition, the Sub-Investment Manager will carry out its own ESG due diligence assessment to determine such progress on ESG issues by reference to (i) comparative ratings or underlying data provided by third party sustainability data providers; and (ii) (where possible), direct engagement and feedback with the borrower/issuer. After such assessment, the Sub-Investment Manager will (in its reasonable opinion) adjust the underlying ESG scores as necessary to be reflective of the issuer/borrowers' progress on ESG issues; and
- Where the borrower/issuer does not have an official MSCI ESG Rating, the Sub-Investment Manager will seek to use what the Sub-Investment Manager reasonably considers to be similar methodology and research tools to MSCI (in addition to the use of comparative ratings or data provided by third parties and direct engagement as described above), to determine what the Sub-Investment Manager (in its reasonable opinion) considers are ESG scores that are reflective of the relevant borrower/issuer progress on ESG issues.
- Following the assessment above, the Sub-Investment Manager will produce a composite score and rating (the "**Ares ESG Rating**") for each borrower/issuer by reference to the MSCI ESG Rating framework (CCC-AAA).
- Any Investment directly related to a potential borrower/issuer which has an Ares ESG Rating of "B" or less is then automatically excluded;

All Ares ESG Ratings will be re-assessed on a quarterly basis. Where a borrower/issuer's Ares ESG Rating drops to the level of "B" or less after such assessment, the Sub-Investment Manager will take steps to divest the Sub-Fund of the relevant Investment as soon as reasonably practicable, subject to the Sub-Investment Manager's duty not to subordinate the Sub-Fund's investment returns or increase the Sub-Fund's investment risks as a result of any illiquidity or fall in value of the relevant Investment.

Data sources and processing

The data sources used to attain the environmental and social characteristics promoted by the Sub-Fund typically include, but are not limited to, one or more of the following: third-party standards, guidelines and metrics, company reports and publicly available information, as the Sub-Investment Manager deems relevant from time to time. Data obtained is incorporated into the investment and subject to a sense check by the investment team.

Given that the data sources include information provided by an investee company and publicly, it is expected that the initial amount and quality of the data available on ESG performance may be limited and not always of consistently high quality. This can be mitigated by:

- Collecting data on readily observable or measurable indicators; and / or
- Scrutinising the data quality of each provider during due diligence assessments, including reviewing the data model, performing statistical checks and evaluating coverage

The data will be reviewed by the Sub-Investment Manager and if there are inconsistencies or other data quality issues, reasonable efforts will be made to address them to the extent possible.

Data processing takes place in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human error. Such data may be based on estimations or proxy data, where that is useful and where the underlying methodology is considered, in the Investment Manager's absolute discretion, to be sufficiently robust.

Data is processed by the Sub-Investment Manager. It is not possible to give a proportion of data that is estimated, since this may vary on a case-by-case basis in relation to each investment.

Limitations to methodologies and data

The primary limitations on the above-mentioned data relate to the reliance on self-reported and publicly available data and the use of estimates in some cases. Since most companies worldwide are not currently required by law to report on the majority of ESG data, companies are left to determine themselves which ESG factors are material to their business performance. It means that ESG data can vary significantly across companies, sectors and jurisdictions.

These limitations are not considered to materially limit the monitoring or attainment of the promoted characteristics as both self-reported and public data is subject to internal checks. Where estimated data is used it will be based upon reasonable assumptions and appropriate comparators.

Due diligence

In connection with the promotion of environmental and social characteristics, and exclusion of certain investments, the Sub-Investment Manager will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, prior to making portfolio investments. Due diligence typically focuses on the industry of the relevant portfolio company, the target portfolio investment, and potential areas for growth. Due diligence may entail an evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. The Sub-Investment Manager will also rely on information provided by the proposed issuer/borrower and, in some circumstances, third-party investigations.

Engagement policies

While engagement is not a key component of the environmental or social strategy of the Sub-Fund, the Sub-Investment Manager will seek to engage with portfolio investments and investee companies as part of its application of the Enhanced Due Diligence Screen and when assessing the good governance practices of the investee companies.

Designated reference benchmark

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

Note: The ICE BofA Global High Yield Constrained Index is used solely as a reference universe for ESG comparison purposes and does not constitute a reference benchmark for the purposes of SFDR.

Additional information available



Note: Further information relating to SMDAM's approach to Sustainability and SFDR is available at:

Link: <https://www.smd-am.co.uk/sustainability/>

Version	Date	Details of change
1.0	March 2025	Initial document
2.0	January 2025	Annual update, reflecting latest prospectus (dated 12 December 2024)
3.0	August 2026	Reviewed, updates to Investment Strategy/binding restrictions processed, reflecting latest prospectus (dated July 2026)

Disclaimer

Definitions referred to within this document are detailed below:

“SMDAM” “Our” / “We” / “Group” “SMDAM Tokyo” / “SMDAM (Tokyo)”	These references relate to the entire “Sumitomo Mitsui DS Asset Management Company, Limited” organisation and will generally be used when referring to matters such as investment philosophy, style, company structure and other policies, which are consistent across the group. This refers to Sumitomo Mitsui DS Asset Management Company, Limited, the head office of the SMDAM group based in Tokyo, Japan. Our Japanese investment team is based in Tokyo. Sumitomo Mitsui DS Asset Management (UK) Limited (“SMDAM (UK)”) is, the UK-based subsidiary of SMDAM (Tokyo).
“Ares Capital” / “Sub-Investment Manager” / “Sub-Portfolio Manager”	This refers to Ares Capital Management II LLC, the U.S.-based Sub-Investment Manager appointed by SMDAM (UK) with the approval of the Management Company (Vistra Fund Management S.A.), who will perform the day-to-day portfolio management. Ares Capital is registered with the Securities and Exchange Commission (“SEC”) as an investment advisor.

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This document is distributed to and is directed only at: (a) persons who have professional experience in matters relating to investments and falling within the definition of “investment professional” in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”); (b) high-net-worth entities falling within article 49(2) of the Order; (c) certified sophisticated investors falling within article 50 of the Order; and (d) other persons to whom it may otherwise lawfully be communicated.

The information in this document is not intended to be investment advice, tax, financial or any other type of advice, and is merely a summary of the SMD-AM Ares ESG Enhanced Global High Yield Bond Fund (the “Sub-Fund”) in the SMD-AM Funds, a société d’investissement à capital variable incorporated under the laws of the Grand Duchy of Luxembourg managed by the Sub-Portfolio Manager, Ares Capital Management II LLC, and marketed and distributed by the Fund Manager and its authorised distributor, Ares Management Limited.

This brochure is for information only and should not be construed as an offer to purchase shares of the Sub-Fund. It is correct to the best of our knowledge at the date of issue. This document may not be copied, redistributed or reproduced in whole or in part without prior written approval from Sumitomo Mitsui DS Asset Management (UK) Limited.

For detailed information about the Sub-Fund please refer to the prospectus and the Key Information Document (“KID”). Financial information about the Sub-Fund is provided in the latest audited annual report or semi-annual report, whichever is newest. The KID, the prospectus and the most recent annual report and the latest semi-annual report, if published thereafter, are the only binding basis for the purchase of shares and investment decisions should be based solely on this. Documents can be obtained free of charge at Sumitomo Mitsui DS Asset Management (UK) Limited, and on <http://www.smd-am.co.uk/>

Sumitomo Mitsui DS Asset Management (UK) Limited suggests that you read the KID, the prospectus and the last annual report or semi-annual report and that you contact a professional adviser for personalised advice before deciding on any investment. Sumitomo Mitsui DS Asset Management (UK) Limited assumes no responsibility for use of this document or its contents. This document does not contain any representation made by the management company of the Sub-Fund. Opinions and data expressed herein are subject to change without notice.

The shares issued in the Sub-Fund may only be offered for sale or sold in jurisdictions where such offer or sale is legally permitted. As the shares may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every reader to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory and tax advice on the consequences of an investment in the shares. Shares of the Sub-Fund are not available for purchase/sale in the U.S. or to U.S. persons residing outside the U.S., or in the European Economic Area (“EEA”) or to EEA domiciled persons. Any document regarding the Sub-Fund and/or the information may not be distributed in the U.S., or the EEA. Publication and distribution of this document and offer and sale of shares in the Sub-Fund may also be subject to special restrictions in other jurisdictions than the U.S., and the EEA.

To be compliant with the Swiss law please note that the representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. Swiss Paying Agent in Switzerland is Telco Bank Ltd., Bahnhofstrasse 4, 6430 Schwyz, Switzerland. Sub-Fund prospectus, the KID, the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.

Risk warning: Investments in the Sub-Fund can both increase and decrease in value due to market fluctuations, the Sub-Fund's risk and costs associated with subscription and redemption, administration, etc., and you can lose the entire amount invested. The Sub-Fund's historical development should not be considered a reliable indicator of future returns. Sumitomo Mitsui DS Asset Management (UK) Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings.

Risk warning: On 1 January 2021 the UK left the EU transitional arrangements and no longer benefits from passporting rights into EEA countries.

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KID before making any final investment decisions.

The Sub-Fund is making disclosures as an Article 8 fund for the purposes of the SFDR.