SiM US High Yield Opportunities Fund

SUSTAINABILITY RISK

Strategic Income Management has determined that sustainability risks are not currently taken into account in respect of the investment process of any funds under management . Strategic Income Management does not currently do so, such risks are not considered relevant to the investment policy and strategy of the Fund.

NO CONSIDERATION OF ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Taking due account the nature and scale of its activities, Strategic Income Management does not currently consider the principal adverse impacts of investment decisions of the Fund on sustainability factors (in the manner specifically contemplated by Article 4(1)(a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")). Strategic Income Management considers this an appropriate and proportionate approach to compliance with its obligations under SFDR.

REMUNERATION POLICY

The remuneration policy has been reviewed in line with the requirements of SFDR. In line with the disclosures outlined in the pre-contractual documentation, sustainability factors are not considered relevant to the Fund and as such do not form part of remuneration considerations.

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Although SIM has determined that sustainability risks are not central to the investment process in respect of the Fund, certain ESG exclusion criteria is applied to screen out certain industries, a summary of which is provided below:

The Fund shall not be invested in companies which themselves or through entities they control:

I. produce weapons that violate fundamental humanitarian principles through their normal use; or
II. produce tobacco; or
III. sell weapons or military materiel to states that are subject to investment restrictions on government bonds.
IV. In addition to the general investment restrictions set out in the Prospectus, the Fund will not invest in the debt or equities of any companies that do not conform to the ESG criteria and which are included on a list of restricted companies maintained by the Fund. The Fund shall not invest in those companies that have been included in the Norges Bank exclusion list (a list which applies the guidelines for the observation and exclusion of companies set out in section 2 above).

INVESTMENT OBJECTIVE

The Fund's investment objective is to seek: (i) high current income; and (ii) capital appreciation.

INVESTMENT POLICIES

The Fund seeks to implement its investment objective by investing in a diversified portfolio of the fixed income securities specified below which may be fixed and/or floating rate, of any maturity and that are generally rated below investment grade (i.e. rated as Ba or lower by Moody's Investors Service, Inc. or BB or lower by Standard & Poor's Ratings Services or Fitch, Inc.) or deemed to be below investment grade by Strategic Income Management, LLC (the "Investment Manager") or unrated. These types of securities are commonly referred to as "high yield" or "junk" fixed income securities. The Fund has no limitations regarding the maturities of the fixed income securities or the market capitalization of the issuers in which it invests or whether those fixed income securities are rated or unrated.

The Fund will typically allocate, under normal circumstances, at least 80% of the Fund's net assets (the "Below Investment Grade Allocation") in non-investment grade or unrated fixed income securities as specified below and/or financial derivative instruments ("FDIs") that provide exposure to non-investment grade or unrated fixed income securities as specified below, namely fixed income futures and credit default swaps. Fixed income securities held as cover for FDIs providing exposure to non-investment grade or unrated fixed income securities will be included in calculation of the Below Investment Grade Allocation even where the fixed income securities which are held as cover are themselves investment grade.

The Fund may invest in the following fixed income securities either as part of the Below Investment Grade Allocation as detailed above or as part of the Other Securities Allocation as detailed below: bonds, notes, preferred stock, convertible bonds, convertible notes or convertible preferred stock that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer, debentures, asset-backed and mortgage-backed securities, collateralized bond obligations, collateralized debt obligations, securitised collateralized loan obligations, securitised loan assignments and participations, bank deposit notes, and cash equivalents including certificates of deposit, time deposits, bearer deposit notes, bankers' acceptances, government obligations, commercial paper, short-term corporate debt instruments and short-term notes. The fixed-income securities in which the Fund may invest will not embed leverage. The securitised loan assignments and participations will be listed or traded on Markets, freely transferable and sufficiently liquid for the Fund to satisfy redemptions.

The fixed income securities in which the Fund invests may be issued by global corporates, or issued or guaranteed by any global government or its agencies or municipalities, or by international agencies or supranational entities.

The Fund may invest in fixed-income securities with call features allowing the issuer of the security to redeem or call for payment of debt obligations owing under the security prior to its stated maturity date and pay-in-kind fixed income securities which do not make regular cash interest payments but rather pay interest through the issuance of additional securities.

The Fund may utilize credit default swaps for investment purposes by selling credit default swaps in order to take exposure to a credit risk thereby increasing the exposure of the Fund with the aim of enhancing total returns. Selling credit default swaps enables the Fund to take a directional view on issuers and fixed income markets as an efficient alternative or substitute for the purchase of fixed income securities, and may assist the Fund to achieve its investment objective by creating additional investment opportunities which are aimed at generating returns. The Fund may also purchase credit default swaps for hedging purposes in order to mitigate credit risk and assist in mitigating against fluctuations in the Net Asset Value per Share of the Fund caused by fluctuations in the markets and issuers to which the Fund is exposed with the aim of decreasing the risk of the Fund. The Fund may utilize fixed income futures, including treasury futures to hedge against fluctuations in interest rates and to manage the effective duration of the Fund's portfolio.

The Fund will typically allocate, under normal circumstances, up to 20% of net assets (the "Other Securities Allocation") in the following other securities where the Investment Manager believes such investments are consistent with the Fund's investment objective: the fixed-income securities listed above which are investment grade including sovereign fixed income securities, fixed income futures and credit default swaps that provide exposure to such investment grade fixed income securities. The Fund may also invest as part of its Other Securities Allocation in the following income-producing securities where the Investment Manager considers such securities offer a return, and in most cases an income that is competitive with the high yield bonds, namely common stock of any issuer globally, American depositary receipts ("ADRs"), global depositary receipts ("GDRs"), real estate investment trusts ("REITs") and income-producing equity securities such as master limited partnerships ("MLPs"). REITs are generally structured with the intent to provide a regular income stream through dividends and depending upon market conditions, can provide favourable risk adjusted returns relative to high yield bonds thereby representing a non-traditional high yield security. MLPs are partnerships which issue transferable unitised securities that are registered with the SEC and traded on Markets.

The Fund will focus on making investments in securities of U.S. issuers but may also invest in the securities of issuers in any country globally, and up to 35% of the net assets of the Fund may be exposed to non-US issuers with a maximum of 25% of net assets being exposed to issuers that are domiciled in or whose securities are listed or traded in Emerging Markets, Frontier Markets or Standalone Markets (each as defined below), with no more than 5% of net assets being exposed to issuers that are domiciled in or whose securities are listed or traded in Frontier Markets or Standalone Markets.

"Emerging Markets" means Brazil, Chile, China, Colombia, Costa Rica, Czech Republic, Ecuador, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

"Frontier Markets" means Afghanistan, Algeria, Argentina, Bahrain, Bangladesh, Bosnia Herzegovina, Belarus, Bolivia, Botswana, Bulgaria, Cuba, Croatia, Dominican Republic, Estonia, Ghana, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Latvia, Lebanon, Libya, Lithuania, Mauritius, Morocco, Nigeria, Mongolia, Myanmar, Oman, Pakistan, Palestine, Panama, Paraguay, Romania, Saudi Arabia, Serbia, Slovenia, Slovakia, Sri Lanka, Tanzania, Trinidad & Tobago, Tunisia, Uruguay, Vietnam and the West African Economic and Monetary Union (consisting of Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo), and Zimbabwe.

The Fund will also utilize currency futures and forwards for hedging purposes with the aim of decreasing risk by hedging the Fund's currency exposure on non-US Dollar denominated investments and also to implement the share class currency hedging arrangements described under "Hedging Transactions" below. Using currency futures and forwards for hedging purposes will assist in managing the Fund's exposure to currency risk and to assist in mitigating NAV fluctuations caused by fluctuations in currencies to which the Fund is exposed, which helps the Fund achieve its investment objective. The Fund may hold positions in non-U.S. currencies pending the acquisition of and following the sale of non-U.S. denominated investments.

The Fund may invest cash balances in exchange-traded funds to gain market exposure on cash balances, and money market funds to give the Fund exposure to money market rates of return on cash balances, subject to a restriction, which will come into effect 20 Business Days following the date of the close of the Initial Offer Period of the first Class of Shares in the Fund to launch (the "Fund Launch Date"), that the Fund may not invest more than 10% of its net assets in collective investment schemes. In advance of the Fund Launch Date, the Fund may invest in exchange-traded funds and money market funds in accordance with the general investment restrictions set out under the heading "Investment Restrictions" in the Prospectus.

The Fund's investments in fixed income securities, equity and equity like securities will be listed or traded on Markets, provided however that the Fund may invest up to 10% of Net Asset Value in the fixed income securities, equity and equity-like securities specified above and/or other eligible ancillary liquid assets which are not listed or traded on Markets.

While the Fund will predominantly take long positions up to 100% of the Net Asset Value of the Fund, when in the opinion of the Investment Manager, opportunities exist to meet the Fund's investment objective it may also take short positions up to a maximum of 50% of the Net Asset Value of the Fund. The Fund's short positions will be implemented through the use of short currency future and currency forward positions to hedge currency exposure, the use of short treasury future positions to manage the Fund's duration, and the purchase of credit default swaps to hedge credit risk. The Fund will only take short positions through FDI, i.e., synthetic short exposure rather than physical short sales. The Fund may only utilise FDIs listed in the Risk Management Process, which has been cleared by the Central Bank.

INVESTMENT STRATEGY

The Investment Manager has three principals in selecting investments in issuers. First, in selecting its investments the Investment Manager seeks to gain exposure to issuers operating in industries with positive long-term trends such as demographics, technology, regulations, etc. which will provide fundamental support for that industry and the Fund's investment throughout the business cycle of the industry. Second, the Investment Manager seeks to avoid investing in issuers operating in industries it considers ill-suited to high levels of leverage due to factors in those industries such as volatile revenues, a need for high capital expenditure or other adverse long-term trends. The portfolio therefore tends to be heavily over-weighted in issuers operating in certain industries selected by the Investment Manager for investment by the Fund and heavily under-weight in other industries the Investment Manager views negatively based on these criteria. Finally, the Investment Manager analyzes investments in issuers operating in industries it has selected for investment by the Fund from the perspective of a chief financial officer of that issuer, in order to ensure that the issuer's products, balance sheet, cash flows, capital expenditure levels and return on capital invested will be sustainable in the longer-term. The resulting selections comprise the Fund's "core" portfolio which tends to be less capital intensive and less cyclical overall than the general high yield market. The Fund's "core" portfolio may represent up to two-thirds of the portfolio under normal circumstances, provided however that the "core" portfolio may represent a higher proportion of the Fund where the Investment Manager cannot locate suitable investments in "out-of-favor" issuers or "smaller issuers" as detailed below.

In addition to this "core" portfolio, the Investment Manager will also opportunistically seek to invest in issuers operating in "out-of-favor" industries. The Investment Manager will first seek to determine that the industry is viable in the long term, and will then look for catalysts for a correction within that industry. Typically, this is a rebalancing of supply to demand through the removal of excess supply from the industry as weaker issuers operating within that industry firms are forced to close down or exit the industry. The Investment Manager seeks companies within those industries that have a pathway to survive the industry downturn. This pathway can include, excess liquidity, strong competitive position or lower cost structure relative to competitors within the industry, more manageable levels of debt leverage than competitors, protection from diversification of business lines and other attributes that the Investment Manager considers will be sufficient to sustain the company over the two to three years required for the industry correction to take place.

"Out-of-favor" investments can also be found in sectors of the capital markets that have a narrower base of investors who periodically abandon that sector, for example convertible bonds. The typical investor in convertible bonds is satisfied with a low coupon because the convertible bond gives them an equity option in a growth company with something like a dividend in the form of a coupon, albeit a very low coupon. If high growth expectations are disappointed, investors may sell the convertible bonds en masse and push the convertible bond prices down such that the yield becomes competitive with yields in the high yield market.

Investments in "out-of-favor" sectors/industries may represent up to one-third of the portfolio of investments of the Fund. The Fund's "out-of-favor" investments will be diversified across industries and/or subsectors of the capital markets. The percentage of the Fund's investments allocated to "out-of-favor" investments will vary depending on the availability of "out-of-favor" opportunities in the market and in the absence of "out-of-favor" opportunities, the "core" will be expanded and the "out-of-favor" allocation reduced.

The Investment Manager has also historically invested about one-third of the portfolio in "smaller issuers", that is, issuers with total bonds outstanding of $500 million (or currency equivalent) or less. Such "smaller issuers" are generally given lower ratings by the rating agencies due to their size, even though they may dominate niche markets with higher barriers to entry. Furthermore, managers of large funds may ignore such "smaller issuers" as the allocation of an investment by their fund to a "smaller issuer" would give rise to their fund owning too high a high percentage of that issue. For these reasons, "smaller issuers" can offer opportunities for attractive risk-adjusted returns.

Once the Investment Manager has identified potential issuers and industries for investment by the core, opportunistic and small issuer portions of the Fund, it will perform a comprehensive, company-level analysis to identify sustainable businesses with a competitive advantage, sustainable cash flows, a capital expenditure programme which is sufficient to sustain/grow the business, and with a strong balance sheet, appropriate level of leverage for its industry and a capital structure that is appropriate for investment by the Fund. The Investment Manager utilizes a bottom up research to assess the fundamental strengths and weaknesses of each individual issuer and the best risk/reward investment is chosen for inclusion in the portfolio.

The Fund's portfolio will be well-diversified, but concentrated on 70 to 150 issuers, with a focus on credit analysis and long-term trends, and avoiding investments in businesses and industries which are cyclical or capital intensive. The Investment Manager will focus on making longer-term investments in issuers facilitating a focused investment management approach, and avoiding high turnover of the Fund's investment portfolio, instead seeking to exploit long-term trends.

The Investment Manager may reduce or sell the Fund's investments for a variety of reasons, including if, in the Investment Manager's opinion, a security's value has become fully recognised by markets thereby reducing the opportunity for further gains or if there has been a re-assessment by the Investment Manager of the fundamental attributes of that security giving rise to a more negative view on that issuer or its securities.

The Fund is actively managed in reference to Bank of America ML High Yield Master II Index (the "Index"). The Index is the Fund's performance benchmark as the Fund's performance is compared to the Index in marketing materials. Investments in the Fund's portfolio are not specifically selected from the constituents of the Index and the Fund may be wholly invested in securities which are not constituents of the Index. The Fund's investment policy is in no way constrained by the Index and the Index is not used to define the portfolio composition of the Fund or as a performance target.