UNIVERSE, THE CMI GLOBAL NETWORK FUND
Société d'Investissement à Capital Variable
Registered Office: 106 route d'Arlon, L- 8210 Mamer, Grand Duchy of Luxembourg
R.C.S. Luxembourg, section B numéro 33.463
(the "**Fund**")

NOTICE TO SHAREHOLDERS

[Shareholder name & address]
Registered mail

Luxembourg, 8 September 2020

Dear Shareholder,

Capitalised terms not defined herein shall have the meaning given to them in the Prospectus of the Fund.

The board of directors of the Fund (the "**Board**") would like to inform you about a number of changes in relation to the Fund and certain of its Sub-Funds that will come into force as from 9 October 2020 and will be reflected in the Fund's Prospectus.

1. **Introduction of the possibility to use financial derivative instruments for investment purposes and change of the calculation methodology of the global exposure with respect to:**

   CMI UK Bond Sub-Fund
   CMI US Bond Sub-Fund
   CMI Euro Bond Sub-Fund
   CMI Global Bond Sub-Fund
   CMIG Focus Euro Bond Sub-Fund

   Currently, the above Sub-Funds may only use financial derivative instruments for efficient portfolio management purposes and forward exchange contracts may be used with the objective to hedge currency risks. The global exposure of each of the Sub-Funds is currently calculated using the "Commitment" approach as described in the section "Risk-Management Process and Global Exposure" of the Prospectus of the Fund and in Appendix 1 of this notice.

   The investment policies of the Sub-Funds will be amended in order to also allow the use of financial derivative instruments for investment purposes. Provisions will be inserted in the Prospectus allowing the Sub-Funds to use financial derivative instruments for efficient portfolio management, for investment purposes and/or for hedging purposes or to manage currency exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations and the Prospectus of the Fund. Financial derivative instruments may include futures, options, swaps (including, but not limited to, credit-default, interest rate and inflation swaps) and forward exchange contracts.

The Board would like to implement these changes because:

- Following the appointment of Schroders Investment Management Limited (**"Schroders"**) by the Fund and the management company of the Fund to act as Investment Manager of certain Sub-Funds in replacement of Aberdeen Asset Investments Limited. Schroders wishes to use a wider range of financial derivative instruments and techniques for alpha generation in the Sub-Funds. This involves allowing the use of financial derivative instruments for investment purposes.
- Currently the investment policies of the Sub-Funds do not permit the use of financial derivative instruments for investment purposes. Permitting these will provide greater flexibility for Schroders in an aim to enhance returns.
- There are advantages to using financial derivative instruments, although there are also risks related thereto overall, it is not intended to make use of financial derivative instruments in a manner that would significantly change the risk characteristics of the Sub-Funds.

For further more technical information on the proposed changes, please refer to Appendix 1 of this notice.

2. Clarification of the investment policies of the Bond Sub-Funds, namely:

CMI UK Bond Sub-Fund
CMI US Bond Sub-Fund
CMI Euro Bond Sub-Fund
CMI Global Bond Sub-Fund
CMIG Focus Euro Bond Sub-Fund

The wording of the investment policies of all the Sub-Funds will be updated for clarification purposes by stating that they principally invest in <u>investment grade rated</u> bonds and other debt securities.

The investment policies of the **CMI UK Bond Sub-Fund**, **CMI US Bond Sub-Fund** and **CMI Euro Bond Sub-Fund** will be updated by specifying that they apply a fully hedged currency strategy.

The investment policy of the **CMI US Bond Sub-Fund** will further be updated to state that it principally invests in investment grade rated bonds and other debt securities issued or guaranteed by governments, local authorities or public companies <u>globally, and this may include issuers in emerging markets</u>.

The investment policy of the **CMI Global Bond Sub-Fund** will be updated to clarify that the Sub-Fund may, on occasion, also invest in bonds and other debt securities quoted on regulated markets in countries other than "OECD member countries" and these may include emerging market countries.

The updates of the investment policies as described in this item 2. are mainly for clarification purposes and they do not impact the current investment strategy of these Sub-Funds nor in any material respect their portfolio composition.

3. Clarification of the investment policy of the CMIG Focus Euro Bond Sub-Fund

The wording of the investment policy of CMIG Focus Euro Bond Sub-Fund will be updated for clarification purposes by stating that the Sub-Fund will primarily invest in a diversified portfolio of investment grade rated fixed interest securities.

The update of the investment policy as described in this item 3. is for clarification purposes and it does not impact the current investment strategy of this Sub-Fund nor its portfolio composition.

4. Amendment of the definitions of "Dealing Day" and "Business Day"

The definition of "Dealing Day" will be amended with effect as from 9 October 2020 so as to read as follows:
"With respect to any Sub-Fund, a Business Day where stock exchanges and/or regulated markets in countries where the relevant Sub-Fund is materially invested are open for normal trading. A Dealing Day is treated as commencing at 9.00 a.m. and ending at 1.00 p.m. (Luxembourg time)."(change emphasised by underline)

The definition of "Business Day" will be amended with effect as from 9 October 2020 so as to read as follows:

"Any full day on which banks are open for business both in Luxembourg and London."

5. Inclusion of additional disclosures on the use of the Swing Pricing Mechanism

To comply with the latest regulatory requirements regarding the minimum level of information to be disclosed in relation to the use of swing pricing, the current swing pricing disclosures in the prospectus will be updated as described below. The maximum swing factor of 1% will remain unchanged.

"Swing Pricing

A Sub-Fund may suffer dilution of the Net Asset Value per Share due to investors buying or selling Shares in a Sub-Fund at a price that does not reflect the dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this impact, the Board of Directors may decide to apply a swing pricing mechanism.

*Swing pricing aims to protect existing Shareholders from the performance dilution effects they may suffer as a result of transactions by existing or new Shareholders in a Sub-Fund. If on any Dealing Day, the aggregate net transactions in Shares of a Sub-Fund result in net subscriptions or net redemptions which exceed a pre-determined threshold, as determined and reviewed for each Sub-Fund on a periodic basis by the Directors (the "**Swing Threshold**"), the Net Asset Value per share of that Sub-Fund will be adjusted upwards or downwards by an amount not exceeding 1% of the Sub-Funds' Net Asset Value per share (the "**Swing Factor**") which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests.*

The Management Company has implemented a swing pricing policy which has been approved by the Board of Directors as well as specific operational procedures governing the day-to-day application of the swing pricing. The applicable Swing Threshold and Swing Factor is determined on the basis of a number factors approved by the Board of Directors and is reviewed periodically.

The Sub-Funds apply partial swing pricing meaning that the Net Asset Value is swung only when the predetermined Swing Threshold is exceeded. It is implemented systematically by the Administration Agent.

If net inflows into a Sub-Fund exceed the Swing Threshold, the Net Asset Value per Share will be swung upwards by the Swing Factor. If the net outflows from a Sub-Fund exceed the Swing Threshold, the Net Asset Value per Share will be swung downwards by the Swing Factor.

Swing pricing is applied on the capital activity at the level of a Sub-Fund and does not address the specific circumstances of each individual investor transaction. The decision to swing is based on the overall net flows into a Sub-Fund, not per Class."

The aforesaid changes will come into force or will be implemented from 9 October 2020. If you feel that, as a result of the aforementioned changes to the features of a Sub-Fund in which you are invested, no longer corresponds to your investment requirements, you may request redemption of your shares free of charge.

We would like to take the opportunity to thank you for the confidence you place in the Fund and we remain at your disposal for any further information you might require.

Yours faithfully,

On behalf of the Board of Directors
UNIVERSE, THE CMI GLOBAL NETWORK FUND

APPENDIX 1 – RISK DETAILS & GLOSSARY

RISK DETAILS

The risk factors in relation to the use of financial derivative instruments for investment purposes will be updated.

As a consequence of the above, the calculation methodology of the global exposure of the Sub-Funds will be changed from the commitment approach to the value-at-risk ("VaR") approach.

The VaR approach seeks to estimate the maximum potential loss a Sub-Fund could experience in a month (20 dealing days) under normal market conditions. The estimate is based on the previous 12 months of the Sub-Fund's performance, and is measured at a 99% confidence level. The VaR is calculated in accordance with these parameters using an absolute or relative approach as described below.

Where it is possible to determine an appropriate risk benchmark for a Sub-Fund, the relevant Sub-Fund will apply a Relative VaR risk management approach which will measure the risk profile of the Sub-Fund against a reference portfolio or risk benchmark (the "Risk Benchmark"). Under the Relative VaR approach a limit is set as a multiple of the Risk Benchmark. The Relative VaR limit of a Sub-Fund has to be set at or below twice (i.e. 200%) the VaR of the Sub-Fund's Risk Benchmark.

If for any reason it is not possible or appropriate to determine a Risk Benchmark for any Sub-Fund, the Management Company will consider adopting an Absolute VaR risk management approach. The Absolute VaR limits the maximum VaR that a Sub-Fund can have relative to its Net Asset Value. The Absolute VaR of a Sub-Fund cannot exceed 20% of its Net Asset Value.

Any Sub-Fund that uses the Absolute or Relative VaR approach must also calculate its expected level of leverage, which is stated for each of the Sub-Funds concerned in the table below.

The leverage is a measure of total exposure to financial derivative instruments and is calculated as the "sum of notionals" of the derivatives used.

A Sub-Fund's expected level of leverage is an indicative level and not a regulatory limit. The actual level may exceed the expected level from time to time, provided that the Sub-Fund's use of derivatives will remain consistent with its investment objective and policies and risk profile and will comply with its VaR limit.

The expected levels of leverage reflect the use of all derivative instruments within the portfolio of a given Sub-Fund (where applicable). An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the financial derivative instruments used may even reduce the risk. Shareholders should note that the "sum of notionals" calculation method of the expected level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

For the Sub-Funds shown in the table below, the Relative VaR is used to calculate market risk and thereby monitor and manage the global exposure with the following Risk Benchmarks:

Sub-Fund	Risk Benchmarks
CMI UK Bond Sub-Fund	FT-Actuaries British Government Securities All stocks index (total return)
CMI Euro Bond Sub-Fund	JP Morgan EMU Government Bond Index (total return)
CMIG Focus Euro Bond Sub-Fund	**Fixed Income:** JP Morgan Euro Gov Bond Index ex P5 iBoxx Euro Corporate Index **Alternatives:** Insight Global Absolute Return Fund Actual Return Nordea GBP Diversified Return Fund Actual Return
CMI Global Bond Sub-Fund	JP Morgan Global World Government Bond Index (total return)
CMI US Bond Sub-Fund	JP Morgan US Bond Index (total return)

Leverage

The Investment Managers are required to adhere to maximum leverage limits which are calculated as follows:

Sub-Fund	Leverage (%) based on "Sum of Notionals" of the derivatives used
CMI UK Bond Sub-Fund	200%
CMI Euro Bond Sub-Fund	150%
CMIG Focus Euro Bond Sub-Fund	150%
CMI Global Bond Sub-Fund	400%
CMI US Bond Sub-Fund	130%

The above changes will become effective as from 9 October 2020.

GLOSSARY

Derivatives - a contract between two or more parties whose value is dependent on the value of an underlying financial asset, such as a fixed interest securities or a set of securities. Derivatives can also be based on currencies or interest rates. Derivatives can be used to either manage or mitigate risks in a fund, for example to hedge against interest rate changes, or can be used as an alternative to buying fixed interest securities to help provide investment returns for the fund.

Both Scottish Widows and Schroder Investment Management Limited will monitor the use of derivatives, fixed interest securities and cash positions, to manage and monitor the Fund's risks.

Notional Value – Notional Value is a term often used to value the underlying asset in a derivatives trade. It can be the total value of a position, how much value a position controls, or an agreed-upon amount in a contract. This term is used when describing derivative contracts in the options, futures, and currency markets and is generally used to distinguish the total value of a position from the total cost required to obtain the position. It differs from market value which is essentially, the price of financial security at which it can be bought or sold. Therefore, the market value is an actual value of a position in securities, whilst Notional Value is a theoretical value.

The Outperformance Target – the Fund’s benchmark is an index which is used to assess the performance of the Fund. The Fund aims to outperform the index by a set percentage over time, that percentage is quoted in the Fund’s investment objective. We refer to this as the Fund’s outperformance target.

Value at Risk (VaR) - VaR is a measure of the maximum potential loss to the UCITS due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

Global Exposure - Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a UCITS through the use of financial derivative instruments (including embedded derivatives) or the market risk of the UCITS portfolio.

Absolute VaR - This is defined as the VaR of the UCITS capped as a percentage of the net asset value.

Relative VaR - This is defined as the VaR of the UCITS divided by the VaR of a benchmark or reference portfolio (i.e. a similar portfolio with no derivatives). This can be an actual benchmark portfolio (such as an index) or a fictitious benchmark portfolio. The VaR on the UCITS portfolio shall not exceed twice the VaR on a comparable benchmark portfolio.