

# **CMB INTERNATIONAL OPEN-ENDED FUND COMPANY**

**(an open-ended fund company with variable capital and segregated liability  
between sub-funds)**

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## **PROSPECTUS**

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January 2024

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## IMPORTANT INFORMATION FOR INVESTORS

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**Important: If you are in doubt about the contents of this Prospectus, you should seek independent professional financial advice.**

This Prospectus comprises information relating to CMB International Open-ended Fund Company (“**Company**”) and its sub-funds (“**Sub-Funds**”).

The Company is a Hong Kong public open-ended fund company with variable capital and limited liability regulated under the SFO. The Company is established with an umbrella structure and the Sub-Funds of the Company have segregated liability. The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry of Hong Kong on and effective as of 18 December 2023, with registration number OF224.

Important - whilst section 112S of the SFO provides for statutory segregated liability between the Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how or if those foreign courts will give effect to section 112S of the SFO.

The Directors accept full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statement of each Sub-Fund, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or the Product Key Facts Statement misleading. However, neither the delivery of this Prospectus and the Product Key Facts Statement nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus or the Product Key Facts Statement is correct as of any time subsequent to the date of publication. This Prospectus and the Product Key Facts Statement may from time to time be updated.

Distribution of this Prospectus must be accompanied by a copy of the Product Key Facts Statement of each Sub-Fund and the latest available audited annual financial report of the Company and the Sub-Fund(s) (if any) and any subsequent unaudited semi-annual financial report. Shares of the Sub-Fund(s) are offered on the basis only of the information contained in this Prospectus, the Product Key Facts Statement and (where applicable) the above mentioned audited annual financial reports and unaudited semi-annual financial report. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Prospectus or the Product Key Facts Statement should be regarded as unauthorised and accordingly must not be relied upon.

### **SFC registration and authorisation**

The Company and the Sub-Fund(s) have been registered with the SFC and authorised by the SFC pursuant to section 104 of the SFO. The SFC’s registration and authorisation do not represent a recommendation or endorsement of the Company or the Sub-Fund(s) nor do they guarantee the commercial merits of the Company or the Sub-Fund(s) or their performance. They do not mean the Company or the Sub-Fund(s) is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.

### **Selling restrictions**

**General:** No action has been taken to permit an offering of Shares of the Sub-Fund(s) or the distribution of this Prospectus or the Product Key Facts Statement in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus or the Product Key Facts Statement may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Further, Shares of the Sub-Fund(s) may not be offered or sold, directly or indirectly, to any persons for reoffering or resale, in any jurisdiction where such action is not authorised. Receipt of this Prospectus or the Product Key Facts Statement does not constitute an offer of Shares of the Sub-Fund(s) in those jurisdictions in which it is illegal to make such an offer.

**United States:** In particular, potential investors should note the following:-

- (a) the Shares have not been registered under the United States Securities Act of 1933 (as amended) (“the **Securities Act**”) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act);
- (b) No person has registered nor will register as a commodity pool operator of the Company or any Sub-Fund under the Commodity Exchange Act of 1936, as amended (the “**CEA**”) and the rules thereunder (the “**CFTC Rules**”) of the Commodity Futures Trading Commission (the “**CFTC**”); and
- (c) the Company and the Sub-Fund(s) have not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Accordingly, the Shares may not be offered, sold, pledged or otherwise transferred except (i) in an “Offshore Transaction” (as such term is defined under Regulation S) and (ii) to or for the account or benefit of a Permitted Transferee.

A “Permitted Transferee” means any person who is not any of:

- (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S;
- (b) a person who comes within any definition of U.S. person for the purposes of the CEA or any CFTC rule, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” as such term is defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person); or
- (c) a “resident of the United States” for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended (the “**BHC Act**”).

Transfers of Shares within the United States or to any person other than a Permitted Transferee are prohibited. Any transfer of Shares to a person other than a Permitted Transferee (a “**Non-Permitted Transferee**”) will be void ab initio and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in a Share in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Share.

The foregoing restrictions on the offer, sale, pledge or other transfer of Shares to a Non-Permitted Transferee may adversely affect the ability of an investor in the Shares to dispose of the Shares in the secondary market, if any, and significantly reduce the liquidity of the Shares. As a result, the value of the Shares may be materially adversely affected.

As defined in Rule 902(k)(1) of Regulation S, “**US person**” means:

- (a) Any natural person resident in the United States;
- (b) Any partnership or corporation organized or incorporated under the laws of the United States;
- (c) Any estate of which any executor or administrator is a U.S. person;
- (d) Any trust of which any trustee is a U.S. person;
- (e) Any agency or branch of a non-U.S. entity located in the United States;

- (f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) Any partnership or corporation if:
  - (i) organized or incorporated under the laws of any non-U.S. jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

As defined in CFTC Rule 4.7, modified as indicated above, “**Non-United States person**” means:

- (a) A natural person who is not a resident of the United States;
- (b) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) An estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- (e) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As defined in the CFTC’s proposed interpretive guidance and policy statement regarding cross-border application of certain swaps provisions of the CEA, 78 Fed. Reg. 45292 (Jul. 26, 2013), “**U.S. person**” means:

- (a) A natural person who is a resident of the United States;
- (b) Any estate of a decedent who was a resident of the United States at the time of death;
- (c) Any corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of enterprise similar to any of the foregoing (other than an entity described in prongs (d) or (e), below) (a “**legal entity**”), in each case that is organized or incorporated under the laws of a state or other jurisdiction in the United States or having its principal place of business in the United States;
- (d) Any pension plan for the employees, officers or principals of a legal entity described in prong (c), unless the pension plan is primarily for foreign employees of such entity;
- (e) Any trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust;

- (f) any commodity pool, pooled account, investment fund, or other collective investment vehicle that is not described in prong (c) and that is majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e), except any commodity pool, pooled account, investment fund, or other collective investment vehicle that is publicly offered only to non-U.S. persons and not offered to U.S. persons;
- (g) Any legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is directly or indirectly majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e) and in which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity; and
- (h) Any individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in prong (a), (b), (c), (d), (e), (f), or (g).

As defined in the implementing regulations issued under Section 13 of the BHC Act, SEC Release No. BHCA-1; File No. S7-41-11, “resident of the United States” means a person that is a “U.S. person” as defined in rule 902(k) of the SEC’s Regulation S.

Each person who offers, sells, pledges or otherwise transfers Shares has exclusive responsibility for ensuring that its offer, sale, pledge or other transfer is not to or for the account or benefit of any person other than a Permitted Transferee as such term is defined as of the date of such offer, sale, pledge or other transfer.

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the Shares. Any representation to the contrary is a criminal offence. Furthermore, the Shares do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereon) subject to the CEA, and neither trading in the Shares nor this document has been approved by the CFTC under the CEA, and no person other than a Permitted Transferee may at any time trade or maintain a position in the Shares.

Potential applicants for Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares.

Some of the information in this Prospectus is a summary of corresponding provisions in the Instrument of Incorporation and the agreements with service providers appointed by the Company. Investors should refer to the Instrument of Incorporation and the relevant agreements for further details.

**Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Investors should read the Prospectus, particularly the section headed “Risk Factors”, and the section headed “Specific Risk Factors” in the relevant Appendix, before making their investment decisions.**

**Please note that this Prospectus must be read together with the relevant Appendix to this Prospectus which relates to a specific Sub-Fund of the Company. The Appendix sets out the details relating to the Sub-Fund (which may include, without limitation, specific information on the Sub-Fund and additional terms, conditions and restrictions applicable to the Sub-Fund). The provisions of an Appendix supplements this Prospectus.**

**Information and enquiries**

To obtain further information about the Company and the Sub-Funds, or for any enquiries or complaints in relation to the Company and any Sub-Fund, investors may either:

- write to the registered address of the Company at 39<sup>th</sup>, 45<sup>th</sup> and 46<sup>th</sup> Floor, Champion Tower, 3 Garden Road, Central, Hong Kong; or
- call the Manager at telephone number at +852 3900 0888.

The Manager will handle or channel to the relevant party any enquiries or complaints from investors and revert to the investors accordingly.

**Further information**

Investors may access the website of the Manager at [www.cmbi.com.hk](http://www.cmbi.com.hk) for further information on the Company and the Sub-Fund(s), including this Prospectus and the Product Key Facts Statement(s), annual and semi-annual financial reports and latest Net Asset Values. This website has not been reviewed or authorised by the SFC.

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## TABLE OF CONTENTS

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<u>Heading</u>	<u>Page Number</u>
<b>DEFINITIONS.....</b>	<b>2</b>
<b>THE COMPANY .....</b>	<b>8</b>
<b>MANAGEMENT AND ADMINISTRATION OF THE COMPANY .....</b>	<b>9</b>
Directors .....	9
Manager .....	10
Custodian .....	11
Administrator.....	12
Authorised Distributors.....	12
Auditors .....	13
Other Service Providers .....	13
<b>INVESTMENT CONSIDERATIONS.....</b>	<b>14</b>
Investment Objective And Policies.....	14
Investment And Borrowing Restrictions .....	14
Securities Financing Transactions .....	14
Breach Of Investment And Borrowing Restrictions.....	15
Liquidity Risk Management .....	15
<b>RISK FACTORS.....</b>	<b>17</b>
<b>SUBSCRIPTION OF SHARES .....</b>	<b>38</b>
Classes Of Shares .....	38
Initial Offer .....	38
Minimum Subscription Level.....	38
Subsequent Subscription .....	39
Issue Price.....	39
Subscription Charge.....	39
Minimum Initial Subscription Amount And Minimum Subsequent Subscription Amount .....	39
Application Procedures .....	40
Payment Procedures.....	40
Subscription In Specie .....	41
General.....	42
Restrictions On Issue .....	42
<b>REDEMPTION OF SHARES .....</b>	<b>43</b>
Redemption Of Shares.....	43
Redemption Price .....	43
Redemption Charge .....	43
Minimum Redemption Amount And Minimum Holding Amount .....	44
Redemption Procedures.....	44
Payment Of Redemption Proceeds .....	45
Redemption In Specie.....	46
Restrictions On Redemption.....	46
Compulsory Redemption Of Shares .....	46
<b>CONVERSION .....</b>	<b>48</b>

Conversion Of Shares.....	48
Switching Fee .....	48
Conversion Procedures.....	49
Restrictions On Conversion.....	50
<b>VALUATION AND SUSPENSION .....</b>	<b>51</b>
Calculation Of Net Asset Value .....	51
Delegation Of Valuation And Pricing Functions.....	53
Adjustment Of Prices .....	54
Suspension .....	55
<b>DISTRIBUTION POLICY .....</b>	<b>57</b>
Accumulation Classes .....	57
Distribution Classes .....	57
<b>FEES AND EXPENSES .....</b>	<b>59</b>
Directors' Remuneration.....	59
Management Fee.....	59
Performance Fee .....	59
General.....	59
Administrator's And Custodian's Fees .....	59
Notice For Fee Increase.....	59
Establishment Costs .....	60
General Expenses .....	60
Transactions With Connected Persons, Cash Rebates And Soft Dollars.....	61
<b>TAXATION.....</b>	<b>62</b>
Hong Kong Taxation .....	62
Other Jurisdiction(S) .....	63
Automatic Exchange Of Financial Account Information.....	63
<b>GENERAL INFORMATION .....</b>	<b>65</b>
Financial Reports .....	65
Publication Of Prices.....	65
Removal And Retirement Of Directors.....	65
Termination Of The Company, A Sub-Fund Or A Class .....	66
Winding Up Of The Company Or A Sub-Fund .....	67
Instrument Of Incorporation.....	67
Share Capital .....	67
Meetings And Voting Rights .....	67
Variation Of Class Rights .....	68
Transfer Of Shares.....	68
Anti-Money Laundering Regulations.....	68
Conflicts of Interest .....	69
Directors' interests .....	70
Facsimile or electronic instructions.....	71
Forfeiture of unclaimed proceeds or distributions.....	71
Market timing .....	71
Certification for compliance with FATCA or other applicable laws .....	72
Power to disclose information to regulatory and tax authorities .....	72
Personal data.....	72
Material contracts.....	72



Documents available for inspection .....	73
Shareholder notice .....	73
<b>SCHEDULE 1 - INVESTMENT RESTRICTIONS .....</b>	<b>74</b>
<b>SCHEDULE 2 – SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS.....</b>	<b>87</b>
<b>SCHEDULE 3 – COLLATERAL VALUATION AND MANAGEMENT POLICY .....</b>	<b>89</b>
<b>APPENDIX 1 – CMB INTERNATIONAL USD MONEY MARKET FUND .....</b>	<b>91</b>

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## DIRECTORY OF PARTIES

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### Registered address

39<sup>th</sup>, 45<sup>th</sup> & 46<sup>th</sup> Floor, Champion Tower  
3 Garden Road, Central  
Hong Kong

### Directors of the Company

Bai Haifeng  
Jiang Rongfeng

### Manager

CMB International Asset Management Limited

39<sup>th</sup>, 45<sup>th</sup> & 46<sup>th</sup> Floor, Champion Tower  
3 Garden Road, Central  
Hong Kong

### Directors of the Manager

Jiang Rongfeng  
Bai Haifeng  
Gao Yiwen  
Zhou Kexiang  
Han Gang

### Custodian, Administrator and Registrar of the Company and CMB International USD Money Market Fund

CMB Wing Lung (Trustee) Limited

6/F, CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

### Legal Advisers

Deacons

5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

### Auditors

KPMG

8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

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## DEFINITIONS

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The defined terms used in this Prospectus have the following meanings:

<b>“AEOI”</b>	Automatic Exchange of Financial Account Information ( <b>“AEOI”</b> ) refers to one or more of the following, as the context requires: <ul style="list-style-type: none"><li>(a) Sections 1471 – 1474 of the US Internal Revenue Code of 1986 (<b>“IRS Code”</b>), as amended from time to time (referred to as the Foreign Account Tax Compliance Act or <b>“FATCA”</b>);</li><li>(b) the Organisation for Economic Co-operation and Development (<b>“OECD”</b>) Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance;</li><li>(c) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) and (b) above; and</li><li>(d) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding (a) to (c) above</li></ul>
<b>“Accounting Date”</b>	31 December in each year or such other date or dates in each year as the Directors may from time to time select in respect of any Sub-Fund. The first Accounting Date of the Company is 31 December 2024
<b>“Accounting Period”</b>	a period commencing on the date of incorporation of the Company or establishment of the relevant Sub-Fund (as the case may be) or on the date next following an Accounting Date and ending on the next succeeding Accounting Date or the date when the Company completes its winding up or the termination date of the relevant Sub-Fund (as the case may be)
<b>“Administration Agreement”</b>	means the administration agreement between the Company for a Sub-Fund and the relevant Administrator by which the relevant Administrator is appointed
<b>“Administrator”</b>	in respect of a Sub-Fund, means such person duly appointed from time to time as administrator hereof in succession thereto, as specified in the relevant Appendix
<b>“Amortisation Period”</b>	in relation to the Company and/or a Sub-Fund, such period as specified in the relevant Appendix over which establishment costs of the Company and/or such Sub-Fund will be amortised
<b>“Appendix”</b>	the appendix containing specific information in relation to the Sub-Fund or a Class or Classes of Shares in relation thereto which is enclosed with this Prospectus and which forms part of this Prospectus
<b>“Application Form”</b>	the prescribed application form for the subscription of Shares and for the avoidance of doubt, the Application Form does not form part of this Prospectus
<b>“Auditors”</b>	KPMG or the person appointed and acting as auditor of the Company for the

	time being
<b>“Authorised Distributor”</b>	any person appointed by the Company to distribute Shares of some or all of the Sub-Funds to potential investors
<b>“Base Currency”</b>	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days in relation to a Sub-Fund as the Directors may determine from time to time and as specified in the relevant Appendix, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors determine otherwise
<b>“China”, “Mainland China” or “PRC”</b>	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this Prospectus
<b>“CIBM”</b>	the China Inter-Bank Bond Market
<b>“Class”</b>	any class of Shares in issue in relation to a Sub-Fund
<b>“Class Currency”</b>	in relation to a Class of Shares in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix
<b>“Company”</b>	CMB International Open-ended Fund Company
<b>“Connected Person”</b>	<p>in relation to a company, means:</p> <ul style="list-style-type: none"> <li>(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or</li> <li>(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</li> <li>(c) any member of the group of which that company forms part; or</li> <li>(d) any director or officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above</li> </ul>
<b>“Conversion Form”</b>	the prescribed conversion form for the conversion of Shares and for the avoidance of doubt, the Conversion Form does not form part of this Prospectus
<b>“Custodian”</b>	in respect of a Sub-Fund, means such person from time to time duly appointed by the Company as custodian of the Company and the relevant Sub-Fund, or in succession thereto, as specified in the relevant Appendix
<b>“Custody Agreement”</b>	the agreement for the time being subsisting between the Company for a Sub-Fund and the relevant Custodian relating to the appointment and duties of the Custodian in its capacity as the custodian of the relevant Sub-Fund(s)
<b>“Dealing Day”</b>	in relation to a Sub-Fund, or, as the context may require, of a particular Class

	relating to a Sub-Fund, each Business Day or such other day or days as the Directors may from time to time determine, either generally or in respect of a particular Class or Classes of Shares and as specified in the relevant Appendix
<b>“Dealing Deadline”</b>	in relation to a Dealing Day, such time by which a request for dealing in Shares of a Sub-Fund or a Class of Shares must be received either on such Dealing Day or on such other Business Day or day as the Directors may from time to time determine, either generally or in relation to any particular jurisdiction in which Shares of that Sub-Fund or the relevant Class may from time to time be sold, and as specified in the relevant Appendix
<b>“Directors”</b>	the directors of the Company for the time being
<b>“Greater China”</b>	Mainland China, Hong Kong, Macau and Taiwan
<b>“HK\$” or “HKD”</b>	Hong Kong Dollars, the lawful currency of Hong Kong
<b>“HKFRS”</b>	Hong Kong Financial Reporting Standards
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company, as amended from time to time
<b>“Initial Offer Period”</b>	in relation to a Sub-Fund or a Class or Classes of Shares, such period as the Directors may determine for the purpose of making an initial offer of Shares of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)
<b>“Initial Offer Price”</b>	the price per Share during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable)
<b>“Investment Delegate”</b>	in relation to a Sub-Fund, an entity that has been delegated the investment management function of all or part of the assets of the Sub-Fund, the details of which are as specified in the relevant Appendix (if applicable)
<b>“Issue Price”</b>	the issue price of a Share of a particular Class after the expiry of the Initial Offer Period calculated in accordance with the Instrument of Incorporation and as described below under <b>“Subscription of Shares - Issue Price”</b>
<b>“IOP Deadline”</b>	4.00 p.m. (Hong Kong time) on the last Business Day of the Initial Offer Period of a Sub-Fund or a particular Class of Shares or such other time on such Business Day or such other day as the Directors may from time to time determine and as specified in the relevant Appendix
<b>“Management Agreement”</b>	the agreement by which the Manager is appointed to act as manager of the Company and the Sub-Funds, as amended from time to time
<b>“Manager”</b>	CMB International Asset Management Limited in its capacity as the investment manager of the Company and its Sub-Funds or such other entity as may be appointed from time to time as the investment manager of the Company and its Sub-Funds
<b>“Minimum Initial Subscription”</b>	the minimum initial investment for Shares in a Sub-Fund or a Class of Shares and as specified in the relevant Appendix

**Amount”**

<b>“Minimum Holding Amount”</b>	the minimum number or value of Shares of any Sub-Fund or Class of Shares which must be held by any Shareholder and as specified in the relevant Appendix
<b>“Minimum Redemption Amount”</b>	the minimum number or value of Shares of any Sub-Fund or Class of Shares to be redeemed by any Shareholder in respect of a partial redemption of Shares and as specified in the relevant Appendix
<b>“Minimum Subscription Level”</b>	in relation to a Sub-Fund, the total minimum subscription amount, if applicable, to be received on or prior to the close of the Initial Offer Period and as specified in the relevant Appendix
<b>“Minimum Subsequent Subscription Amount”</b>	the minimum additional subscriptions for Shares in a Sub-Fund or a Class of Shares and as specified in the relevant Appendix
<b>“Net Asset Value”</b>	in relation to a Sub-Fund means the net asset value of such Sub-Fund or, as the context may require, of a Class of Shares or a Share of such Sub-Fund or a Share of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Instrument of Incorporation and as summarised below under “ <b>Valuation and suspension - Calculation of Net Asset Value</b> ”
<b>“OFC Code”</b>	the Code on Open-ended Fund Companies issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC
<b>“Prospectus”</b>	this Prospectus including the Appendices, as each may be amended, updated or supplemented from time to time
<b>“Payment Period”</b>	such period as the Manager with the approval of the Custodian may determine within which payment for Shares issued for cash after the Initial Offer Period for such Shares is due, and as specified in the relevant Appendix
<b>“Transfer Agent”</b>	the entity responsible for processing the application, conversion and redemption requests of a Sub-Fund and unless otherwise notified by the Manager, shall mean the Administrator of the relevant Sub-Fund
<b>“QFI” or “QFI Holder”</b>	qualified foreign investor(s) (including, if applicable, qualified foreign institutional investors (“ <b>QFII</b> ”) and Renminbi qualified foreign institutional investors (“ <b>RQFII</b> ”) approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time);
<b>“Redemption Charge”</b>	the redemption charge (if any) payable upon redemption of Shares and as specified in the relevant Appendix
<b>“Redemption Form”</b>	the prescribed redemption form for the redemption of Shares and for the avoidance of doubt, the Redemption Form does not form part of this Prospectus
<b>“Redemption Price”</b>	the price at which Shares will be redeemed as determined in accordance with the Instrument of Incorporation and as described below under “ <b>Redemption of Shares - Redemption Price</b> ”

<b>“Refund Period”</b>	10 Business Days from the relevant Dealing Day or close of the relevant Initial Offer Period (as the case may be) or such other period as specified in the relevant Appendix within which subscription moneys in respect of an application which was rejected or a Sub-Fund or a Class of Shares which was not launched will be returned to the relevant applicant
<b>“Registrar”</b>	such person from time to time duly appointed by the Company as registrar in respect of each Sub-Fund to keep the register of the Shareholders of the Sub-Fund, as specified in the relevant Appendix
<b>“Renminbi” or “RMB”</b>	the lawful currency of the People’s Republic of China
<b>“Reverse Repurchase Transactions”</b>	transactions whereby a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future
<b>“Sale and Repurchase Transactions”</b>	transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future
<b>“Securities Financing Transactions”</b>	collectively Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions
<b>“Securities Lending Transactions”</b>	transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee
<b>“Securities Market”</b>	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
<b>“Semi-Annual Accounting Date”</b>	30 June in each year or such other date or dates in each year as the Directors may from time to time select in respect of any Sub-Fund. The first Semi-Annual Accounting Date of the Company is 30 June 2024
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended
<b>“Share”</b>	a voting, participating share in the Company
<b>“Shareholder”</b>	a person registered as a holder of a share in the capital of the Company
<b>“Sub-Fund”</b>	a separate part of the property of the Company that is invested and administered separately
<b>“Subscription Charge”</b>	the subscription charge (if any) payable on the issue of Shares and as specified in the relevant Appendix
<b>“Switching Fee”</b>	the switching fee (if any) payable on the conversion of Shares and as specified in the relevant Appendix
<b>“U.S.”</b>	the United States of America

<b>“US\$” or “USD”</b>	U.S. Dollars, the lawful currency of the U.S.
<b>“UT Code”</b>	the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, as may be amended from time to time
<b>“Valuation Day”</b>	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Share or a Class of Shares falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Shares, and as specified in the relevant Appendix
<b>“Valuation Point”</b>	the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Directors may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Shares and as specified in the relevant Appendix.



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## THE COMPANY

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The Company is an open-ended fund company established as an umbrella fund pursuant to the Instrument of Incorporation and is governed by the SFO. All Shareholders are entitled to the benefit of, are bound by and deemed to have undertaken to observe the provisions of the Instrument of Incorporation.

The Company is organised as an umbrella fund and details of each of its current Sub-Fund(s) and/or their respective Class or Classes of Shares are set out in the relevant Appendix. Subject to any applicable regulatory requirements and SFC approval (if required), the Directors may in their sole discretion create further Sub-Funds or determine to issue additional Classes or multiple Classes in relation to each Sub-Fund in the future.

Each Sub-Fund is established as a separate pool of assets under the Instrument of Incorporation. The assets of a Sub-Fund belong exclusively to the Sub-Fund and shall not be used to discharge liabilities of, or the claims against, any other person including the Company and any other Sub-Fund. Any liability incurred on behalf of, or attributable to, a Sub-Fund may only be discharged out of the assets of such Sub-Fund. Without prejudice to the foregoing, the Directors may allocate assets or liabilities that (i) the Company receives or incurs on behalf of the Sub-Funds or in order to enable the operation of the Sub-Funds; and (ii) are not attributable to any particular Sub-Fund, between the Sub-Funds in a manner that the Directors reasonably believe is fair to the Shareholders generally.

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## MANAGEMENT AND ADMINISTRATION OF THE COMPANY

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### Directors

The Directors of the Company are:

#### Bai Haifeng

Mr. Bai is the Co-head of CMB International Asset Management Limited, responsible for investment decision and general management. Mr. Bai has over 10 years of experience in the fund management industry. Before joining CMB International Asset Management Limited, he separately served as the CEO of China Merchants Asset Management (HK) Co., Limited for 8 years, and the head of China Merchants Fund Management international business department; he also worked for Guotai Asset Management Co., Ltd. for 5 years. He held the position of head of global business department of Guotai Fund Management Co., Ltd, and served as its Chief Economist and Senior Manager for Macro-economic Research. Prior to the above, he worked for Oriental Education & Technology Group. Mr. Bai holds a MBA degree from Columbia University.

#### Jiang Rongfeng

Mr. Jiang is the Co-head of CMB International Asset Management Limited, responsible for investment decision and general management. Mr. Jiang has over 10 years extensive working experience in global capital markets. Prior to joining CMB International Asset Management Limited, he has separately served as CEO of China Merchants Asset Management (HK) Co., Limited, Head of Research of Rongying Capital Management Co., Limited, Global Investment Specialist of J.P.Morgan Private Bank in New York and Hong Kong, Acting COO of Guotai Junan Allianz Fund Management Co., Limited. He has also engaged in equity research, macroeconomic and strategy research, fixed-income research at China Southern Asset Management Co., Ltd and investment product development at CPIC Fund Management Co., Limited, which was previously known as Guotai Junan Allianz Fund Management Co., Limited. Mr. Jiang graduated with a Master of Business Administration from Columbia University in New York and he is a Chartered Financial Analyst.

The remuneration (if any) payable to the Directors is set out in the section headed “Fees and Expenses”. The Directors may fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

Pursuant to the Instrument of Incorporation, the Company shall indemnify each Director or former Director or other officer (each an “**Indemnified Person**”) against all costs, charges, losses, expenses and liabilities incurred by such person in the execution and/or discharge of the Indemnified Person’s duties and/or the exercise of the Indemnified Person’s powers and/or otherwise in relation to or in connection with the Indemnified Person’s duties, powers or office. No provision in the Instrument of Incorporation shall be construed as (i) providing any exemption of any liability of the Directors to the Company or the Shareholders under Hong Kong law or for breaches of trust through fraud or negligence, nor may the Directors be indemnified against such liability by the Company or the Shareholders or at the Company’s or the Shareholders’ expense; (ii) diminishing or exempting the Directors from any of their duties and liabilities under the applicable laws and regulations, and the letters of appointment of the Directors may not contain any provision to the effect of providing any of such exemption or indemnity.

The Company may also take out, and pay for, insurance policies for the benefit of the Directors against: (i) any liability to any person attaching to the Directors in connection with any negligence, default, breach of duty or breach of trust in relation to the Company; or (ii) any liability incurred by the Directors in defending any proceedings (whether civil or criminal) taken against the Directors for any negligence, default, breach of duty or breach of trust in relation to the Company.

The Directors are entitled to, and have delegated, the day-to-day operations of the Company to service providers including the Manager (and the Administrator as its delegate) and the Custodian.

In performing their duties, the Directors are entitled to rely upon, and generally rely upon the work performed by, and information received from, such service providers.

The Directors should use reasonable care, skill and diligence to oversee the activities of the Manager and the Custodian as part of their overall duty to oversee the operations of the Company.

## **Manager**

The Manager of the Company and the Sub-Fund is CMB International Asset Management Limited (“**CMBIAM**”).

CMBIAM was incorporated in 2010 as a wholly owned subsidiary of CMB International Capital Corporation Limited, which in turn is a wholly-owned subsidiary of China Merchants Bank (CMB). CMBIAM holds the licenses to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities granted by the SFC. As a Hong Kong institution registered with the Asset Management Association of China to provide Hong Kong stock investment consulting services, CMBIAM is eligible to provide the aforementioned services to securities and asset management institutions in Mainland China.

Leveraging its expertise in Asia Pacific markets, CMBIAM's mission is to provide quality investment products based on various risk profiles, to offer professional investment advisory services and customized asset management services, and to deliver comprehensive solutions for our large and distinguished clientele, including institutions, corporates, retail investors and high net worth individuals.

Focused on alpha driven investment strategies in Greater China with predominately long only approaches to both fixed income and equity. Various product toolkits covering multiple investment needs aligned to duration and risk profile. Products covers private equity investments from primary market, fixed income and equity investments from secondary market, and cross-border investments (QFII, etc.).

The Company has appointed the Manager to manage the assets of the Company (i.e. to carry out investment management functions) and to provide asset valuation and pricing functions and other administrative functions in respect of the Company and the Sub-Funds, pursuant to the Management Agreement.

The Manager may appoint one or more Investment Delegate and delegate any of its investment management functions in relation to assets of specific Sub-Funds to such Investment Delegate subject to prior SFC approval (if required). In the event that an Investment Delegate is appointed by the Manager in respect of an existing Sub-Fund, at least 1 month's prior notice will be provided to Shareholders of such Sub-Fund and this Prospectus and/or the relevant Appendix will be updated to include such appointment. Unless otherwise stated in the relevant Appendix for a Sub-Fund, the remuneration of such Investment Delegate(s) will be borne by the Manager from the management fee.

The Manager may appoint other investment advisers to provide investment advisory service to any of the Sub-Funds from time to time and, unless otherwise stated in the relevant Appendix for a Sub-Fund, the remuneration of such investment advisers will be borne by the Manager from the management fee.

The Manager may delegate its asset valuation, pricing, administrative and other functions to others in accordance with the Management Agreement. Unless otherwise stated in an Appendix for a Sub-Fund, the Manager has delegated its asset valuation and pricing functions in respect of the Company and the Sub-Funds to the Administrator.

Under the Management Agreement, the Manager and its directors, officers, servants, agents and delegates shall be entitled for the purpose of indemnity against all actions proceedings claims costs

demands and expenses which may be brought against suffered or incurred by the Manager by reason of its performance or non-performance of its obligations or functions under the terms of the Management Agreement (other than due to fraud, bad faith, wilful default, negligence or misconduct on the part of the Manager or persons designated by it) including all legal professional and other expenses incurred by the Manager or persons designated by it in the performance of its obligations or functions and including indemnity obligations owed by the Manager to persons designated by it (except such as shall arise from fraud, bad faith, wilful default, negligence or misconduct on the part of the Manager in the performance or non-performance of such obligations or functions). For the purpose of indemnity for the Manager discharging its functions or performing its obligations relating to a Sub-Fund, the Manager shall not have recourse to the assets of any other Sub-Funds. Notwithstanding the foregoing, neither the Manager nor the person designated by it shall be indemnified against any liability to the Company or the Shareholders of the Company imposed under the laws of Hong Kong or breaches of trust through fraud or negligence on the part of the Manager or persons designated by it, by the Company or the Shareholders or at the Company or the Shareholders' expense, and no provision in the Management Agreement or the Instrument of Incorporation shall be construed as diminishing or exempting the Manager from any of its duties and liabilities under the applicable laws and regulations, and the Management Agreement may not contain any provision to the effect of providing any of such exemption or indemnity.

The Manager may retire on 3 months' written notice pursuant to the Management Agreement. The Manager must retire when it ceases to meet the eligibility requirements (or is prohibited from acting as Manager) under the applicable regulatory requirements, or when the SFC withdraws its approval of the Manager. The Manager is subject to removal by notice in writing from the Directors where:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company) becomes bankrupt or has a receiver appointed over its assets or if some event having an equivalent effect occurs;
- for good and sufficient reason, the Directors state in writing that a change in Manager is desirable in the interests of the Shareholders; or
- if the Manager shall commit any material breach of its obligations under the Management Agreement and (if such breach shall be capable of remedy) shall fail within 30 days of receipt of notice served by the Company requiring it so to do to make good such breach.

The Manager may not retire except upon the appointment of a new Manager approved by the SFC.

In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act as the investment manager of the Company which is approved by the SFC to be the Manager in place of the Manager so retiring or being removed on or before the expiry of any period of notice of such retirement or removal.

The Manager is entitled to the fees mentioned below in the section headed "**Fees and Expenses – Management fee**".

## **Custodian**

The Company is an umbrella fund and multiple sub-funds may be established under the umbrella structure. The Company may appoint different persons as the Custodian for different Sub-Funds provided that there should be at least one Custodian for each Sub-Fund at any time until the Sub-Fund is terminated in accordance with the Instrument of Incorporation. Each Custodian acts as the Custodian of the Sub-Fund(s) whose assets are held under its custody. Each Custodian shall be a custodian to the Company with regards to any regulatory obligation as determined by the Directors (and where applicable, in consultation with the Manager and/or the Custodian(s)) to be required of a custodian to the Company which does not relate to one or more specific Sub-Fund(s) or which cannot be allocated exclusively to one or more specific Sub-Fund(s). The Custodian(s) shall take responsibility collectively for such matters ("**Collective Matter(s)**"). For regulatory obligations which

can be allocated exclusively to a specific Sub-Fund, the Custodian of that Sub-Fund will take responsibility.

The procedures for determining if a matter is a Collective Matter will be as follows:

- (a) the Directors (and where applicable, in consultation with the Manager and/or the Custodians) may determine a general list of Collective Matters and inform the Custodians and the Manager from time to time; and
- (b) the Manager and each Custodian may propose a general or specific matter to the Directors for the Directors' determination. The Directors shall, if they consider necessary, consult with the Manager and/or the Custodians, in determining if such matter is a Collective Matter. The Directors shall notify the Manager and the Custodians of their decision promptly.

Should the Custodian(s) fail to reach a consensus on the dealing of Collective Matters (which should not be unreasonably withheld), then the matter will be sent back for deliberation amongst the Custodian(s). The matter may not proceed unless and until consensus is reached amongst the Custodian(s).

The Custodian of the Company is CMB Wing Lung (Trustee) Limited. CMB Wing Lung (Trustee) Limited was incorporated with limited liability in Hong Kong in 1972 and is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), and a licensed trust or company service provider (TCSP Licence No. TC004338). CMB Wing Lung (Trustee) Limited is a wholly-owned subsidiary of CMB Wing Lung Bank Limited, a licensed bank (CE No. AAF294) under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong).

Information relating to the Custodian of each Sub-Fund is set out in the relevant Appendix.

### **Indemnities of the Custodian**

No provision of the Instrument of Incorporation or a Custody Agreement shall be construed as (i) providing any exemption of any liability of a Custodian to the Shareholders of the relevant Sub-Fund under Hong Kong law or for breach of trust through fraud or negligence, nor may the Custodian be indemnified against such liability by Shareholders of the relevant Sub-Fund or at the expense of Shareholders of the relevant Sub-Fund, or (ii) diminishing or exempting the Custodian from any of its duties and liabilities under applicable laws and regulations, and no provision shall have the effect of providing any of such exemption or indemnity.

Nothing in a Custody Agreement excludes or limits the liability to the Company which a Custodian may have under the SFO.

### **Administrator**

The Company may appoint different persons as the Administrator for different Sub-Funds. Information relating to the Administrator of each Sub-Fund is set out in the relevant Appendix.

### **Registrar**

The Company may appoint different persons as the Registrar for different Sub-Funds. Information relating to the Registrar of each Sub-Fund is set out in the relevant Appendix.

### **Authorised Distributors**

The Company may appoint one or more Authorised Distributor(s) to market, promote, sell and/or distribute Shares of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or conversion of Shares.

Where application for Shares is made by an applicant through an Authorised Distributor, Shares may be registered in the name of the Authorised Distributor or a nominee company of the Authorised Distributor. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Shares are registered to take action on his/her behalf. As the Authorised Distributor (or its nominee) is the Shareholder of the relevant Sub-Fund, the Company shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of Shares and any related matters, as well as any costs or losses that may arise therefrom. The Company will, however, take reasonable care in the selection and appointment of Authorised Distributor(s).

Investors who apply for subscription, redemption and/or conversion of Shares through Authorised Distributor(s) should note that such Authorised Distributor(s) may impose earlier dealing deadlines for receiving instructions for subscriptions, redemptions or conversions. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.

The Company or the Manager may pay or share any of the fees received by them (including any Subscription Charge, Redemption Charge, Switching Fee and management fees) with such Authorised Distributor(s). For the avoidance of doubt, any fees, costs and expenses payable to the Authorised Distributor(s) arising out of any advertisement or promotional activities in connection with the Company or the Sub-Fund(s) will not be paid from the assets of the Company or the Sub-Fund(s).

### **Auditors**

The Manager has appointed KPMG to act as the Auditors of the Company and the Sub-Funds. The Auditors are independent of the Company, the Manager, the Investment Delegate(s) and the Custodian(s).

### **Other Service Providers**

The Company may appoint other service providers to provide services in respect of a Sub-Fund. Details of such other service providers (if any) are set out in the relevant Appendix.

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## INVESTMENT CONSIDERATIONS

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### **Investment objective and policies**

The investment objective and policies of each Sub-Fund and specific risks, as well as other important details, are set forth in the Appendix hereto relating to the Sub-Fund.

There may not be any fixed asset allocation by geographical locations for certain Sub-Funds. The expected asset allocations for a Sub-Fund (if any) are for indication only. In order to achieve the investment objectives, the actual asset allocations may in extreme market conditions (such as economic downturn or political turmoil in the markets in which a substantial portion of the assets of a Sub-Fund is invested or changes in legal or regulatory requirements or policies) vary significantly from the expected asset allocations.

Any changes in the investment objective and/or policy which are material changes will be subject to the prior approval of the SFC and notified to the affected Shareholders by at least 1 month's prior notice (or such other notice period as agreed with the SFC). Set out below are the overriding principles and requirements that must be satisfied in order for any changes to be classified as immaterial changes:

- (a) the changes do not amount to a material change to the relevant Sub-Fund;
- (b) there will be no material change or increase in the overall risk profile of the relevant Sub-Fund following the changes; and
- (c) the changes do not have a material adverse impact on rights or interests of Shareholders of the relevant Sub-Fund (including changes that may limit ability of Shareholders of the relevant Sub-Fund in exercising their rights).

### **Investment and borrowing restrictions**

The Instrument of Incorporation sets out restrictions and prohibitions on the acquisition of certain investments by the Company and borrowing restrictions. Unless otherwise disclosed in the relevant Appendix, each Sub-Fund is subject to the investment restrictions and borrowing restrictions set out in Schedule 1 to this Prospectus.

### **Securities Financing Transactions**

Unless otherwise disclosed in the Appendix of a Sub-Fund, the Company currently does not intend to enter into any Securities Financing Transactions in respect of any of the Sub-Funds.

Where it is disclosed in the relevant Appendix, a Sub-Fund may engage in Securities Financing Transactions. A Sub-Fund may engage in Securities Financing Transactions provided that they are in the best interests of Shareholders of the relevant Sub-Fund to do so and the associated risks have been properly mitigated and addressed. Information on a Sub-Fund's Securities Financing Transactions will be included in the annual report of the Sub-Fund. A summary of the policy of the Manager in relation to Securities Financing Transactions is set out in Schedule 2 to this Prospectus.

### **Investment via subsidiary**

Where direct investment by a Sub-Fund in a market is not in the best interests of investors, such Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market subject to the requirements of the UT Code. Where a Sub-Fund may invest through a wholly-owned subsidiary, further details are set out in the Appendix of such Sub-Fund.

## **Breach of investment and borrowing restrictions**

If the investment and borrowing restrictions for a Sub-Fund are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Shareholders of the relevant Sub-Fund.

## **Liquidity risk management**

Liquidity risk exists when particular investments are difficult to purchase or sell at a fair price within a short time. Also, illiquid securities may become harder to value especially in changing markets. A Sub-Fund's investments in illiquid securities may reduce the returns of a Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price which could prevent the Sub-Fund from taking advantage of other investment opportunities. Sub-Funds with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk (investors should refer to the section headed "Risk Factors – Liquidity Risk" below).

The Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such policy, combined with liquidity management tools of the Manager, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The day-to-day liquidity risk management of the Sub-Fund is carried out by the Manager's liquidity risk management function which is functionally independent from the portfolio investment function. The oversight of the liquidity risk management function will be performed by a risk management committee consisting of responsible officers and senior staff such as the chief executive officer, head of risk, head of legal and compliance, head of investment and head of operations. The committee generally meets on a need basis. A liquidity report of each Sub-Fund will be generated by the Manager's risk management team each month and will be submitted to the risk management committee. Exceptions on liquidity risk related issues will be escalated to the risk management committee.

The Manager would regularly assess the liquidity of each Sub-Fund's assets under the current and likely future market conditions. In particular, for high yield or unrated debt securities and emerging market assets, the Manager intends to maintain a more diversified investment portfolio with different levels of liquidity and avoid concentrating investment in any one investment, particularly investments which are less liquid. The Manager may also set an internal limit as to each individual investment that may be held by a Sub-Fund.

The Manager may also be in regular communication with distributors and substantial investors of the relevant Sub-Fund in order to receive updates on investor profile and their historical and expected redemption patterns. Through such communication, the Manager can make better assessment as to the expected redemptions (especially substantial redemptions) from the relevant Sub-Fund in the future.

The Manager may use a range of quantitative metrics and qualitative factors in assessing the liquidity of a Sub-Fund's assets including the following:

- the volume and turnover in the security;
- (where the price is determined by the market) the size of the issue and the portion of the issue that the Manager plans to invest in;
- the cost and timeframe to acquire or sell the securities;
- an independent analysis of historic bid and offer prices which may indicate the relative liquidity and marketability of the instrument; and



- the quality and number of intermediaries and market makers dealing in the security concerned.

The Manager will classify the assets of each Sub-Fund into different liquidity categories. For example, for a Sub-Fund which invests in bonds, the liquidity of the bonds will be categorised into 3 categories: (1) highly liquid bonds (e.g. government bonds); (2) liquid bonds (e.g. corporate bonds with 3 or more market makers); and (3) less liquid bonds (e.g. corporate bonds with 2 or less market makers).

The Manager will also perform liquidity stress testing on each Sub-Fund on an ongoing basis; normally on a monthly basis but in times of adverse market conditions or during the period where there are large redemption requests, the stress tests will be performed on a daily basis, if necessary. The results of such stress tests will be reviewed by the risk management committee.

The following tools may be employed by the Manager to manage liquidity risks:

- the Manager may after consultation with the Custodian of the relevant Sub-Fund limit the number of Shares of any Sub-Fund redeemed on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund in issue (subject to the conditions under the heading entitled “**Restrictions on redemption**” in the section “**Redemption of Shares**”). If such limitation is imposed, this would restrict the ability of a Shareholder to redeem in full the Shares he intends to redeem on a particular Dealing Day;
- subject to the restrictions in Schedule 1 to this Prospectus, the Manager may borrow in respect of a Sub-Fund to meet redemption requests;
- the Manager may suspend redemption under exceptional circumstances (after consultation with the Custodian of the relevant Sub-Fund) as set out under the heading “**Valuation and suspension - Suspension**”. During such period of suspension, Shareholders would not be able to redeem their investments in the relevant Sub-Fund;
- the Manager may, in calculation of the Issue Price and the Redemption Price, add bid-ask spread, and fiscal and purchase charges (please refer to the heading entitled “**Issue Price**” in the section “**Subscription of Shares – Issue Price**”) or deduct bid-ask spread, and fiscal and sales charges (please refer to the heading entitled “**Redemption Price**” in the section “**Redemption of Shares**”) to protect the interest of remaining Shareholders. Please refer to the heading entitled “**Adjustment of prices**” in the section headed “**Valuation and suspension**” for details. As a result of such adjustment, the Issue Price or the Redemption Price, (as the case may be) will be higher or lower than the Issue Price or the Redemption Price (as the case may be) which otherwise would be if such adjustment has not been made.
- the Manager may apply for facility or intra-day liquidity supports or services from the bank in order to enhance liquidity management, to deal with redemption requests as and when required.

In practice, the Manager will consult the Custodian of the relevant Sub-Fund before the use of any liquidity risk management tools. Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risks.

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## RISK FACTORS

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Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

### ***Risk of not achieving investment objective***

There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to meet the investment objective and minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Sub-Fund. As a result, each investor should carefully consider whether he can afford to bear the risks of investing in the relevant Sub-Fund.

### ***Investment risk***

Investments involve risks. There is no guarantee of the repayment of principal. Investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. There is no guarantee that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. A Sub-Fund's investment portfolio may fall in value due to any of the key risk factors set out in this Prospectus and the Appendix for the relevant Sub-Fund. The price of Shares of any Sub-Fund and the income from them may go down as well as up and therefore an investor may suffer losses on the investor's investment in the relevant Sub-Fund.

### ***Market risk***

Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors' expectations, which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the Net Asset Value per Share of the relevant Sub-Fund. The price of Shares and the distributions from them (if any) may go down as well as up.

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets, there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons and as a result, may have adverse impact to the relevant Sub-Fund and its investors.

### ***Equity investment risks***

A Sub-Fund may invest directly or indirectly in equity securities. Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go down as well as up. Factors

affecting the equity securities are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, issuer-specific factors, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the relevant Sub-Fund to losses.

### ***Volatility risk***

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control policies, national and international political and economic events, and the inherent volatility and potential settlement difficulties of the market place. A Sub-Fund's value will be affected by such price movements and could be volatile, especially in the short-term.

### ***Risk relating to small- and mid-capped companies***

A Sub-Fund may invest in the securities of small and/or mid-capped companies. Investing in these securities may expose such Sub-Fund to risks such as greater market price volatility, less publicly available information, lower liquidity and greater vulnerability to fluctuations in the economic cycle than those of larger capitalisation companies in general. Their prices are also more volatile to adverse economic developments than those of larger capitalisation companies in general.

### ***Risks of investing in IPO securities***

A Sub-Fund may invest in initial public offers ("IPOs") securities. The prices of securities involved in IPOs are often subject to greater and more unpredictable price changes than more established securities. There is the risk that there are inadequate trading opportunities generally or allocations for IPOs which the Manager wishes or is able to participate in. Furthermore, the liquidity and volatility risks associated with investments or potential investments in IPO securities may be difficult to assess, due to the lack of trading history of such IPO securities. These risks may have adverse impact on the relevant Sub-Fund and its investors.

### ***Fixed income securities investment risk (including money market instruments)***

A Sub-Fund which invests in fixed income securities will be subject to the following risks.

- ***Credit risk***

Investment in bonds or other fixed income securities involve credit risk of the issuers. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make timely payments on principal and/or interests of the securities they issue. If the issuers of any of the securities in which the Sub-Fund's assets are invested default, the performance of the Sub-Fund will be adversely affected.

The fixed income securities that a Sub-Fund invests in may be offered on an unsecured basis without collateral. In such circumstances, the relevant Sub-Fund will rank equally with other unsecured creditors of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the relevant fixed income instrument issued by it only after all secured claims have been satisfied in full. The relevant Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

A Sub-Fund may hold cash and deposits in banks or other financial institutions and the extent of governmental and regulatory supervision may vary. The Sub-Fund might suffer a significant or even total loss in the event of insolvency of the banks or financial institutions.

- *Credit ratings risk*

The ratings of fixed income securities by Moody's Investor Services, Standard & Poor's and Fitch's are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint and do not guarantee the creditworthiness of the security and/or issuer at all times. The rating of an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. Rating agencies might not always change their credit rating of an issuer in a timely manner to reflect events that could affect the issuer's ability to make scheduled payment on its obligations. In addition, there may be varying degrees of difference in credit risk of securities within each rating category.

- *Credit rating downgrading risk*

The credit rating assigned to a security or an issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, investment grade securities may be subject to the risk of being downgraded to below investment grade securities. Similarly, an issuer having an investment grade rating may be downgraded, for example, as a result of deterioration of its financial conditions. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities and such securities continued to be held by the Sub-Fund, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

- *Below investment grade and unrated securities risk*

A Sub-Fund may invest in securities which are below investment grade or which are unrated. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities and may be subject to greater fluctuation in value and higher chance of default. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

The value of lower-rated or unrated corporate bonds may be affected by investors' perceptions. When economic conditions appear to be deteriorating, below investment grade or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality. For example, during economic downturns, such bonds typically fall more in value than investment grade bonds as investors become more risk averse and default risk rises.

- *Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers) (if applicable)*

A Sub-Fund may invest in asset-backed fixed income securities, mortgage-backed securities, asset-backed commercial paper, 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 fixed income securities. They may be 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.

- *Interest rate risk*

Changes in interest rates may affect the value of a fixed income security as well as the financial markets in general. Fixed income securities (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term fixed income securities are usually more sensitive to interest rate changes. If the fixed income securities held by a Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected.

- *Volatility and liquidity risk*

The fixed income securities in certain markets (e.g. Mainland China) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and a Sub-Fund may incur significant trading costs.

- *Valuation risk*

The value of fixed income securities that a Sub-Fund invests may be subject to the risk of mispricing or improper valuation, i.e. operational risk that the fixed income securities are not priced properly. Valuations of quoted or listed fixed income securities are primarily based on the valuations from independent third party sources where the prices are available. However, in the case where independent pricing information may not be available such as in extreme market conditions or break down in the systems of third party sources, the value of such fixed income securities may be based on certification by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Custodian of the relevant Sub-Fund. Valuations in such circumstance may involve uncertainty and judgemental determination.

In the event of adverse market conditions where it is not possible to obtain any reference quotation from the market at the relevant time of valuation, the latest available quotations of the relevant fixed income securities may be used to estimate the fair market value. Alternatively, the Manager after consultation with the Custodian of the relevant Sub-Fund may, permit some other method of valuation to be used to estimate the fair market value of such fixed income securities including the use of quotation of other fixed income securities with very similar attributes. Such valuation methodology may not equal to the actual liquidation price due to liquidity and size constraints. If valuation is proven to be incorrect, this will affect the Net Asset Value calculation of the relevant Sub-Fund.

The valuation of unlisted fixed income securities is more difficult to calculate than listed fixed income securities. Normally, unlisted fixed income securities are valued at their initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unlisted fixed income securities shall be determined on a regular basis by a professional person approved by the Custodian of the relevant Sub-Fund as qualified to value such unlisted fixed income securities. Such professional person may value the unlisted fixed income securities by reference to the prices of other comparable unlisted fixed income securities. The trading of unlisted fixed income securities may not be transparent and the prices of unlisted fixed income securities may not be openly displayed. There is a risk that such professional person is not aware of all the trading in unlisted fixed income securities and may use prices which may be historical only and may not reflect recent trading in the fixed income securities concerned. In such circumstance, the valuation of the unlisted fixed income securities may not be accurate as a result of incomplete price information. This would have impact on the calculation of the Net Asset Value of the relevant Sub-Fund.

- *Sovereign debt risk*

A Sub-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 a Sub-Fund to participate in restructuring such debts. Such Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

- *Unlisted fixed income securities risk*

The fixed income securities in which a Sub-Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the fixed income securities are listed, the market for such securities may be inactive and the trading volume may be low. The bid and offer spreads of the price of such securities may be large and the relevant Sub-Fund may incur significant trading costs. In the absence of an active secondary market, the relevant Sub-Fund may need to hold the fixed income securities until their maturity date. If sizeable redemption requests are received, the relevant Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the relevant Sub-Fund may suffer losses in trading such securities.

- *Short-term fixed income instruments risk (if applicable)*

A Sub-Fund may invest substantially in short-term fixed income instruments with short maturities, and the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term fixed income instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund. The Sub-Fund's underlying fixed income securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

***Credit rating agency risk (for Mainland Chinese onshore fixed income securities)***

The credit appraisal system in the Mainland China and the rating methodologies employed in the Mainland China may be different from those employed in other markets. Credit ratings given by the Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

***Risks associated with bank deposits***

Bank deposits are subject to the credit risks of the relevant financial institutions. A Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the relevant Sub-Fund. Therefore, if the relevant financial institution defaults, the relevant Sub-Fund may suffer losses as a result.

***Risks of investing in convertible bonds***

A Sub-Fund which invests in convertible bonds will be subject to additional risks. A convertible bond is a hybrid between debt and equity, permitting holders to convert the bond into shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity risks, in addition to the risks of fixed income securities generally, and may be subject to 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 associated with instruments with loss-absorption features***

Certain Sub-Funds may invest in instruments with loss-absorption features, for example, contingent convertible bonds (“CoCos”), preferred shares, senior non-preferred debt instruments and Additional Tier 1 and Tier 2 capital instruments. These debt instruments 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 a pre-defined trigger event (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 trigger events are complex and difficult to predict and can 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.

Certain Sub-Funds may invest in CoCos which are highly complex and are of high risk. Upon the occurrence of a trigger event, CoCos 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.

Certain Sub-Funds 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.

### ***“Dim Sum” bonds (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks***

The “Dim Sum” bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of a Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

### ***Risks of investing in other funds***

A Sub-Fund may invest in underlying funds which are not regulated by the SFC and will be subject to the risks associated with the underlying funds. In addition to the expenses and charges charged by such Sub-Fund, investor should note that there are additional fees involved when investing into these underlying funds, including fees and expenses charged by investment manager of these underlying funds as well as fees payable by the relevant Sub-Fund during its subscription to or redemption from these underlying funds. Furthermore, there can be no assurance that 1) the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made; and 2) investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by the Manager and the selection and monitoring of the underlying funds. The relevant Sub-Fund has no control of the investments of the underlying funds. These factors may have adverse impact on the relevant Sub-Fund and its investors. If a Sub-Fund invests in an underlying fund managed by the Manager or Connected Person of the Manager, potential conflict of interest may arise. Please refer to the section headed “**General Information – Conflicts of Interest**” for details under the circumstances.

### ***Borrowing risks***

The Company may borrow for the account of a Sub-Fund for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the relevant Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Company will be able to borrow on favourable terms, or that the Company's indebtedness will be accessible or be able to be refinanced at any time.

### ***Emerging markets risks***

Certain countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of risk such as liquidity risk, currency risk, political risk, regulatory risk, legal and taxation risks, economic risk, market risk, custody risk and settlement risk.

The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital. Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale.

There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Underlying investments of emerging market funds may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

### ***China market risks***

Investing in Mainland China is subject to the risks of investing in emerging markets generally and the risks specific to Mainland China.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Mainland Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in Mainland China.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Accounting standards and practices in Mainland China may deviate significantly from international accounting standards. The settlement



and clearing systems of the securities markets in Mainland China may not be well tested and may be subject to increased risks of error or inefficiency.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

### ***Renminbi currency and conversion risks***

A Sub-Fund may invest in securities denominated in Renminbi (or RMB) or may have RMB Hedged Class of Shares, therefore, it may be subject to Renminbi currency risks. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based (e.g. Hong Kong) investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of realisations and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

### ***Renminbi Share Class risk***

A Sub-Fund may offer share classes designated in RMB. It should be noted that there may be additional risks involved in investing through RMB over and above those of investing through other currencies. Currency exchange rates can be affected unpredictably by intervention (or failure to intervene) by governments or central banks or by currency controls or political developments, particularly in the PRC. There is also a greater measure of legal uncertainty concerning currency transactions with respect to trades in RMB compared to currencies which have a more established history of being traded internationally.

RMB share classes for the Sub-Funds are denominated in offshore RMB (CNH). CNH convertibility to the onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government in co-ordination with the Hong Kong Monetary Authority ("HKMA"). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions pursued by the Chinese government from time to time as well as other external market forces. In addition, currency markets in RMB may have lower trading volumes than the currencies of more developed countries and accordingly markets in RMB may be materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of other currencies. In particular, the trading of RMB during European market hours when trades for the hedged Share Class will be executed entails inherently lower liquidity and greater transaction costs. This is likely to cause performance divergence against the expected performance of trading RMB during Asian market hours, where liquidity is generally higher and transaction costs are generally lower.

In an extreme event, the lack of liquidity could make it impossible to execute the currency hedge. The Company will seek to implement the hedge and minimize transaction costs on a best efforts basis. However, there can be no guarantee that it will be successful in doing so and cannot eliminate the above risks or transaction costs. The costs and gains/losses of hedging transactions will accrue solely to the relevant hedged Class and will be reflected in the Net Asset Value per Share of that Class.

When calculating the value of the RMB denominated class(es), CNH will be used. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation. Non-RMB based (for example Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the shares) and RMB distributions received (if any)

back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).

For RMB denominated class(es), since the share prices are denominated in RMB, but a Sub-Fund may not be fully invested in RMB-denominated underlying investments and its base currency may be a different currency, so even if the prices of the non-RMB denominated underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency more than the increase in the value of the non-RMB denominated underlying investments and/or the base currency.

Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency of the Sub-Fund (e.g. USD), and the value of the non-RMB denominated underlying investments decreased, the value of investors' investments in RMB denominated class(es) may suffer additional losses.

### ***Risks relating to CIBM Direct Access***

A Sub-Fund may directly invest in permissible Fixed Income Instruments traded on the CIBM via a direct access regime ("**CIBM Direct Access**").

Under the CIBM Direct Access, an onshore trading and settlement agent shall be engaged by the Manager or Investment Delegate to make the filing on behalf of the investing Sub-Fund and conduct trading and settlement agency services for such Sub-Fund.

Since the relevant filings and account opening for investment via the CIBM Direct Access have to be carried out via an onshore settlement agent, such Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent.

Under the CIBM Direct Access, the rules allow foreign investors to remit investment amounts in RMB or foreign currency into China for investing in the CIBM. For repatriation of funds out of China by a Sub-Fund, the ratio of RMB to foreign currency should generally match the original currency ratio when the investment principal was remitted into China, with a maximum permissible deviation of 10%. Such requirements may change in the future which may have an adverse impact on the Sub-Fund's investment in the CIBM.

Market volatility and potential lack of liquidity due to low trading volume of certain fixed income securities in the CIBM may result in prices of certain fixed income securities traded on such market fluctuating significantly. A Sub-Fund investing in CIBM is subject to liquidity, regulatory and volatility risks. A Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties.

The relevant rules and regulations on investment in the CIBM are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend trading on the CIBM, a Sub-Fund's ability to invest in the CIBM will be limited and the Sub-Fund may suffer substantial losses as a result.

### ***Risks relating to Bond Connect***

A Sub-Fund may directly invest in permissible Fixed Income Instruments traded on the CIBM via Bond Connect. The Bond Connect initiative was launched in July 2017 to facilitate CIBM access between Hong Kong and China. It was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDC**"), Shanghai Clearing House ("**SHCH**") and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit ("**CMU**").

The Bond Connect scheme is designed to be efficient and more convenient for offshore investors at an operational level, by using familiar trading interfaces of established electronic platforms without requiring investors to engage an onshore settlement agent. Orders are executed electronically with any of the eligible onshore participating dealers who are recognized by CFETS. Cash is exchanged offshore in Hong Kong. The infrastructure contemplates two way access between Hong Kong and China. Eligible foreign investors can invest through Hong Kong into the CIBM (generally referred to as “**Northbound Trading Link**”). Eligible foreign investors utilising Bond Connect are required to appoint the CFETS or other institutions recognised by the People’s Bank of China (“**PBOC**”) as registration agents to apply for registration with the PBOC.

The Northbound Trading Link under Bond Connect adopts a multi-layered custody arrangement whereby CCDC/SHCH performs the primary settlement function as the ultimate central securities depository, which handles bond custody and settlement for the CMU in China. The CMU is the nominee holder of CIBM bonds acquired by overseas investors via the Northbound Trading Link. The CMU handles custody and settlement for the accounts opened with it for the beneficial ownership of those overseas investors.

Under the multi-layered custody arrangement of Bond Connect:

- 1) the CMU acts as “nominee holder” of CIBM bonds; and
- 2) overseas investors are the “beneficial owners” of CIBM bonds through CMU members.

Overseas investors invest through offshore electronic trading platforms where trade orders are executed on CFETS, CIBM’s centralised electronic trading platform, between investors and onshore participating dealers.

Under the multi-layered custody arrangement, while the distinct concepts of “nominee holder” and “beneficial owner” are generally recognized under relevant PRC regulations, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies or other legal proceedings.

Under Bond Connect, bond issuers and trading of CIBM bonds are subject to the market rules in China. Any changes in laws, regulations and policies of the China bond market or rules in relation to Bond Connect may affect prices and liquidity of the relevant bonds, and a Sub-Fund’s investment in the relevant bonds may be adversely affected.

### ***Risks associated with investments made through QFI regime***

A Sub-Fund may invest in Chinese securities via the QFI regime.

A Sub-Fund’s ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

A Sub-Fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund’s monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

### ***Risks of investing in urban investment bonds***

Urban investment bonds are issued by local government financing vehicles (“LGFVs”). Such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the relevant Sub-Fund could suffer substantial loss and the Net Asset Value of the relevant Sub-Fund could be adversely affected.

### ***Mainland China tax risk***

Various tax reform policies have been implemented by the Mainland Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in Mainland China which a Sub-Fund invests in, thereby reducing the income from, and/or value of the Shares.

Subject to the current Mainland Chinese tax laws, regulations and practice in respect of the gains and income realised on a Sub-Fund’s investments in Mainland China (which may have retrospective effect), any increased tax liabilities on the relevant Sub-Fund may adversely affect the relevant Sub-Fund’s Net Asset Value.

The Manager may (but is not obliged to) make provisions in respect of the relevant Sub-Fund for the Mainland Chinese tax obligations. The provisions made by the Manager, if any, may be excessive or inadequate to meet the actual tax liabilities. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the actual tax liabilities may be lower than the tax provisions made and any sums withheld in excess of the tax liability incurred or is expected to be incurred by the relevant Sub-Fund shall be released and transferred to the relevant Sub-Fund’s accounts forming part of that Sub-Fund’s assets. In case of any shortfall between the provisions (if any) and actual tax liabilities, which will be debited from the relevant Sub-Fund’s assets, that Sub-Fund’s asset value will be adversely affected. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

Unless otherwise disclosed in the relevant Appendix of a Sub-Fund, no provision will be made in respect of the relevant Sub-Fund’s Mainland Chinese tax obligations.

### ***Eurozone risk***

In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, a Sub-Fund’s investment in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of European Union members from the Eurozone, may have a negative impact on the value of the Sub-Fund.

### ***Sovereign debt risks***

Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations issued or guaranteed by governments or their agencies of such countries may involve a high degree of risk such as social, political and economic risks. The willingness or ability of a governmental entity to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the

extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due and the relative size of the debt service burden to the economy as a whole.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others agencies abroad to reduce principal and arrearage on their debts. However, failure to implement economic reforms or achieve a required level of economic performance or repay debts when due may result in the cancellation of these third parties' commitments to continuously lend funds to a governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

In case of default, holders of sovereign debt (including a Sub-Fund) may be requested to participate in the restructuring of such debt and to extend further loans to the relevant governmental entities. In addition, a Sub-Fund may invest in securities issued or guaranteed by the government of a country with a sovereign credit rating below investment grade. The performance and value of the Sub-Fund could deteriorate should there be any adverse credit events in the sovereign, in particular if there is downgrading of the sovereign credit rating or a default or bankruptcy of a sovereign occurs. There are no bankruptcy proceedings by which sovereign debt on which a governmental entity has defaulted may be recovered in whole or in part.

### ***Concentration risk***

A Sub-Fund may invest only in a specific country/region/sector/asset class. A Sub-Fund's portfolio may not be well diversified in terms of the number of holdings and the number of issuers of securities that the Sub-Fund may invest in. Such Sub-Fund may be adversely affected by or depend heavily on the performance of those securities. Investors should also be aware that such Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity or bond fund, as the Sub-Fund will be more susceptible to fluctuations in value resulting from the limited number of holdings or from adverse conditions, such as economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events, in the respective country/region/sector/asset class in which the Sub-Fund invests.

### ***Settlement risk***

Settlement procedures in emerging countries are frequently less developed and less reliable and may involve the relevant Sub-Fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. A Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. A Sub-Fund may incur substantial losses if its counterparty fails to pay for securities such Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to such Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for a Sub-Fund if investment opportunities are missed or if a Sub-Fund is unable to acquire or dispose of a security as a result.

### ***Custodial risk***

Cash held with the Custodian or sub-custodians (where appointed) may not be segregated and may not be recoverable in case of liquidation, bankruptcy or insolvency of the Custodian and sub-custodians.

Further, where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by the Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

### ***Counterparty risk***

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

### ***Currency and foreign exchange risk***

A Sub-Fund may also issue Classes denominated in a currency other than the Base Currency of that Sub-Fund or the currency of its underlying investments. A Sub-Fund may be invested in part in assets quoted in currencies other than its Base Currency or the relevant Class Currency. The performance of such Sub-Fund will therefore be affected by changes in exchange rate controls (if any) and movements in the exchange rate between the currencies in which the assets are held and the Base Currency of such Sub-Fund or the relevant Class Currency. Since the Manager aims to maximise returns for such Sub-Fund in terms of its Base Currency, investors in such Sub-Fund may be exposed to additional currency risk. These risks may have adverse impact on the relevant Sub-Fund and its investors.

A Sub-Fund may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. These risks may have adverse impact on the relevant Sub-Fund and its investors.

Any changes in exchange control regulations may cause difficulties in the repatriation of funds. Dealings in a Sub-Fund may be suspended if the relevant Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares. For further details on suspension of dealings in a Sub-Fund, please refer to the section headed “***Valuation and suspension – Suspension***” below.

### ***Derivative and structured product risk***

A Sub-Fund may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as “structured products”. Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Fund.

These instruments will also be subject to insolvency or default risk of the issuers or counterparties and over-the-counter markets risk. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets. Besides, many derivative and structured products involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Fund to the possibility of a loss exceeding the original amount invested. Therefore, exposure to financial derivative instruments may lead to high risk of significant loss by the relevant Sub-Fund.

### ***Over-the-counter markets risk***

Over-the-counter (“**OTC**”) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain substantial losses as a result.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments. These risks may have adverse impact on the relevant Sub-Fund and its investors.

### ***Hedging risk***

The Manager is permitted, but not obliged, to use hedging techniques such as using futures, options and/or forward contracts to attempt to offset market and currency risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on the Manager’s expertise and hedging may become inefficient or ineffective. This may have adverse impact on the relevant Sub-Fund and its investors.

While a Sub-Fund may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates and market circumstances may result in a poorer overall performance of a Sub-Fund. A Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the relevant Sub-Fund to risk of loss.

Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be borne by the relevant Sub-Fund in relation to which they have been incurred.

### ***Currency hedging risk***

Where a Sub-Fund has classes of Shares hedged to a currency other than the Base Currency of the relevant Sub-Fund (each a “**Currency Hedged Class**”), the relevant Sub-Fund is also subject to currency hedging risk. Please refer to the risk factor “Hedging risk” under this section.

Where the Sub-Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged Class of Shares and therefore, an investor of such Currency Hedged Class of Shares will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

If the counterparties of the instruments used for hedging purpose default, investors of the Currency Hedged Class of Shares may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

While hedging strategies may protect investors in the Currency Hedged Class of Shares against a decrease in the value of the Sub-Fund’s base currency relative to the class currency of the Currency Hedged Class of Shares, it may also preclude investors from benefiting from an increase in the value of the Sub-Fund’s base currency.

### ***Liquidity risk***

Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the relevant Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value. The bid and offer spreads of the price of such securities may be large and the relevant Sub-Fund may incur significant trading costs. A Sub-Fund may encounter difficulties in valuing and/or disposing of assets at their fair price due to adverse market conditions and/or large-scale redemptions. This may also expose the Sub-Fund to liquidity risks. If sizeable redemption requests are received, subject to the availability and suitability of liquidity risk management tools, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such investments. As a result, this may have adverse impact on the relevant Sub-Fund and its investors.

### ***Difficulties in valuation of investments***

Securities acquired on behalf of a Sub-Fund may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of a Sub-Fund's portfolio securities is available (for example, when the secondary markets on which a security is traded has become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities.

In addition, market volatility may result in a discrepancy between the latest available issue and redemption prices for the Sub-Fund and the fair value of the Sub-Fund's assets. To protect the interest of investors, the Manager may, after consultation with the Custodian of the relevant Sub-Fund, adjust the Net Asset Value of the Sub-Fund or the Shares, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of the Sub-Fund's assets.

Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

### ***Pricing adjustments risk***

Subscriptions or redemptions may dilute a Sub-Fund's assets due to dealing and other costs associated with the trading of underlying securities. In order to counter this impact, adjustment of prices to reflect fiscal charges, swing pricing mechanism and bid-ask spread to protect the interests of Shareholders. Consequently, investors will subscribe (realise) at a higher Issue Price (lower Redemption Price). Investors should note that the occurrence of events which may trigger adjustment of prices is not predictable. It is not possible to accurately predict how frequent such adjustments of prices will need to be made. Adjustments may be greater than or less than the actual charges incurred. If the adjustments made are less than the actual charges incurred, the difference will be borne by the Sub-Fund. Investors should also be aware that adjustment of prices may not always, or fully, prevent the dilution of the Sub-Fund's assets.

### ***Restricted markets risk***

A Sub-Fund may invest in securities in jurisdictions (including Mainland China) which may impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the relevant Sub-Fund may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.



### ***Legal, tax and regulatory risk***

Legal, tax and regulatory changes could occur in the future. For example, the regulatory or tax environment for derivative instruments is evolving, and changes in their regulation or taxation may adversely affect the value of derivative instruments. Changes to the current laws and regulations will lead to changes in the legal requirements to which the relevant Sub-Fund may be subject, and may adversely affect the relevant Sub-Fund and its investors.

### ***Risk of termination***

The Company or a Sub-Fund may be terminated in certain circumstances which are summarised under the section “**General information – Termination of the Company, a Sub-Fund or a Class**”, including where the asset size falls below the threshold disclosed in such section. In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Shareholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund’s assets at that time.

### ***Risks associated with Securities Financing Transactions***

A Sub-Fund which engages in Securities Financing Transactions will be subject to the following risks:

#### Risks relating to Securities Lending Transactions

Securities Lending Transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner. In this event, the relevant Sub-Fund could experience delays in recovering its securities and may possibly incur a capital loss. The value of the collateral may fall below the value of the securities lent out.

#### Risks relating to Sale and Repurchase Transactions

A Sub-Fund may enter into Sale and Repurchase Transactions with respect to securities. Sale and Repurchase Transactions involve credit risk to the extent that the Sub-Fund’s counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the relevant Sub-Fund to unanticipated losses. The amount of credit risk incurred by the relevant Sub-Fund with respect to a particular Sale and Repurchase Transaction will depend in part on the extent to which the obligation of the Sub-Fund’s counterparty is secured by sufficient collateral. In the event of the failure of the counterparty with which collateral has been placed, the relevant Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### Risks relating to Reverse Repurchase Transactions

A Sub-Fund may enter into Reverse Repurchase Transactions. If the seller of securities to the Sub-Fund under a Reverse Repurchase Transaction defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the relevant Sub-Fund will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the relevant Sub-Fund’s ability to dispose of the underlying securities may be restricted or the Sub-Fund may have difficulty in realising collateral. It is possible, in a bankruptcy or liquidation scenario, that the relevant Sub-Fund may not be able to substantiate its interest in the underlying securities.

In the event of the failure of the counterparty with which cash has been placed, the relevant Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising

collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

In addition, if a seller defaults on its obligation to repurchase securities under a Reverse Repurchase Transaction, the relevant Sub-Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

***Risks associated with collateral management and re-investment of cash collateral***

Where a Sub-Fund enters into a Securities Financing Transaction or an OTC derivative transaction, collateral may be received from or provided to the relevant counterparty.

Notwithstanding that a Sub-Fund may only accept non-cash collateral which is highly liquid, the relevant Sub-Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The relevant Sub-Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Sub-Fund is re-invested, the relevant Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is provided by a Sub-Fund to the relevant counterparty, in the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Finance charges received by a Sub-Fund under a Securities Financing Transaction may be reinvested in order to generate additional income. Similarly cash collateral received by a Sub-Fund may also be reinvested in order to generate additional income. In both circumstances, the relevant Sub-Fund will be exposed to market risk in respect of any such investments and may incur a loss in reinvesting the financing charges and cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made. A decline in the value of investment of the cash collateral would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the securities lending counterparty at the conclusion of the securities lending contract. The relevant Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the relevant Sub-Fund.

Under a Sale and Repurchase Transaction, the relevant Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price if that pre-determined price is higher than the value of the securities at the time of repurchase. If the Sub-Fund chooses to reinvest the cash collateral received under the Sale and Repurchase Transaction, it is also subject to market risk arising in respect of such investment.

If the additional income which is generated through finance charges imposed by a Sub-Fund on the counterparty of a Reverse Repurchase Transaction is reinvested, the relevant Sub-Fund will assume market risk in respect of such investments.

***Risks associated with distribution out of/effectively out of a Sub-Fund's capital***

Where a Sub-Fund has Distribution Classes, distributions may be made in respect of the Distribution Classes. However, there is no guarantee that such distributions will be made nor will there be a target level of distributions payout. A high distribution yield does not imply a positive or high return.

Subject to the disclosure in the relevant Appendix, distributions may be paid out of the capital of a

Sub-Fund or out of gross income while charging all or part of a Sub-Fund's fees and expenses to the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. The Manager may distribute out of the capital of a Sub-Fund if the net distributable income attributable to the relevant Distribution Class during the relevant period is insufficient to pay distributions as declared. **Investors should note that the payment of distributions out of capital or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Distributions will result in an immediate decrease in the Net Asset Value of the relevant Shares.**

Where a Sub-Fund has Accumulation Classes, the Manager does not intend to pay distributions for such Accumulation Classes. Accordingly, an investment in the Accumulation Classes may not be suitable for investors seeking income returns for financial or tax planning purposes.

Where a Sub-Fund has classes of Shares hedged to a currency other than the Base Currency of the relevant Sub-Fund (each a "**Hedged Class**"), the distribution amount and Net Asset Value of the Hedged Classes may be adversely affected by differences in the interest rates of the Class Currency of the Hedged Classes and the relevant Sub-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 classes of Shares.

#### ***Cross-Sub-Fund liability***

Multiple Sub-Funds may be established under the Company. While there are statutory provisions for segregated liability between the Sub-Funds, the concept of segregated liability is untested. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how or if those foreign courts will give effect to such statutory provisions. However, the assets of that Sub-Fund may not be used to satisfy the liabilities of another Sub-Fund.

#### ***Cross-Class liability***

Multiple Classes of Shares may be issued in relation to a Sub-Fund, with particular assets and liabilities of that Sub-Fund attributable to particular Classes. Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one Class may have recourse to the assets attributable to other Classes. Although for the purposes of internal accounting, a separate account will be established for each Class, in the event of an insolvency or termination of that Sub-Fund (i.e. when the assets of that Sub-Fund are insufficient to meet its liabilities), all assets will be used to meet that Sub-Fund's liabilities, not just the amount standing to the credit of any individual Class.

#### ***Creation of Sub-Funds or new Classes of Shares***

Additional Sub-Funds or additional Classes of Shares which may have different terms of investment may be established in the future without the consent of, or notification to existing Shareholders. In particular, such additional Sub-Funds or additional Classes may have different terms with regard to fees.

#### ***Non-compliance with HKFRS***

The annual and semi-annual financial reports of each Sub-Fund will be prepared in accordance with the HKFRS. Investors should note that the valuation rules described in the section headed "**Valuation and suspension – Calculation of Net Asset Value**" below may not necessarily comply with HKFRS. Under HKFRS, investments should be valued at fair value, and bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described in the section headed "**Valuation and suspension – Calculation of Net Asset Value**" below, listed investments are expected to be valued normally at the last traded price or closing price instead of bid and ask pricing as required under HKFRS.

The cost of establishment of each Sub-Fund will be amortised over the Amortisation Period. Investors should note that this policy of amortisation is not in accordance with HKFRS. However, the Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of a Sub-Fund. Further, the Manager believes that this policy is fairer and more equitable to the initial investors.

### ***US Foreign Account Tax Compliance Act***

Sections 1471 – 1474 of the US Internal Revenue Code (the “**IRS Code**”) of 1986, as amended (referred to as the Foreign Account Tax Compliance Act or “**FATCA**”), impose rules with respect to certain payments paid to certain foreign (i.e. non-U.S.) financial institutions (“**FFI**”), such as the Company and its Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (“**IRS**”) to identify U.S. persons (under the definition in the IRS Code) with direct or indirect interests in such payments. To avoid the 30% withholding tax under FATCA, certain FFIs, such as the Company and its Sub-Funds (and, generally, other investment funds organised outside the U.S.), generally would be required to register with the IRS directly to obtain a Global Intermediary Identification Number (“**GIIN**”) and enter into an agreement (an “**FFI Agreement**”) with the IRS under which it will agree to identify its direct or indirect account holders who are U.S. persons and report certain information concerning such U.S. account holders to the IRS.

In general, an FFI which does not enter into an FFI Agreement or comply with the relevant FATCA regulations, and is not otherwise exempt may face a 30% withholding tax on “withholdable payments” derived from U.S. source, including dividends, interest, certain derivative payments and certain other fixed, determinable, annual or periodical (“**FDAP**”) income made to such FFI on or after 1 July 2014. In addition, starting from 1 January 2019, gross proceeds from the sale or other disposition of certain property, such as sales proceeds of property and returns of principal derived from stocks and debt obligations generating U.S. source dividends or interest, will also be treated as “withholdable payments.” Moreover, it is expected that a 30% withholding tax on foreign passthru payments will commence at the later of 1 January 2019 or the date of the publication of the relevant regulations defining the term foreign passthru payment.

The Hong Kong government has entered into a Model 2 intergovernmental agreement (“**IGA**”) with the U.S. for the implementation of FATCA. Under such Model 2 IGA, FFIs in Hong Kong (such as the Company and its Sub-Funds) would be required to register with the IRS and comply with the terms of FFI Agreement. Otherwise they may be subject to a 30% withholding tax on relevant US-sourced payments made to them.

It is expected that FFIs in Hong Kong (such as the Company and the Sub-Funds) complying with the terms of an FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will generally not be required to withhold tax on payments made to non-consenting US accounts (i.e. certain accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close those non-consenting US accounts (provided that information regarding such account holders is reported to the IRS in aggregate), but may be required to withhold tax on withholdable payments made to non-participating FFIs.

As at the date hereof, the Manager has registered with the IRS as a sponsoring entity for the Company and the Sub-Fund(s) with a GIIN of 9RWBBM.99999.SL.344 and has agreed to perform, on behalf of the sponsored entities, all due diligence, withholding, reporting and other FATCA-related requirements. The Company and the Sub-Fund(s) are considered as sponsored entities of the Manager and will be regarded as Non-Reporting Hong Kong FFI and treated as a registered deemed-compliant FFI.

The Company and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA to avoid any withholding tax. In the event that the Company and/or any Sub-Fund is not able to comply with the requirements imposed by FATCA and the Company and/or such Sub-Fund does suffer FATCA withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Company and/or that Sub-Funds may be adversely affected and the Company and/or such Sub-Fund may suffer significant loss as a result.

In the event a Shareholder (an account holder) does not provide the requested information and/or documentation, whether or not that actually leads to non-compliance by the Company and/or the relevant Sub-Fund, or a risk of the Company and/or the relevant Sub-Fund being subject to withholding tax under FATCA, the Directors and/or the Manager on behalf of the Company and/or each of such relevant Sub-Fund reserve the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Shareholder to the U.S. IRS; (ii) withholding or deducting from such Shareholder's redemption proceeds or distributions to the extent permitted by applicable laws and regulations; and/or (iii) deeming such Shareholder to have given notice to redeem all his Shares in the relevant Sub-Fund. The Directors and/or the Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Each Shareholder and prospective investor should consult with his or her own tax advisor as to the potential impact of FATCA on his or her own tax situation and the potential impact on the Company and its Sub-Funds.

#### ***Conflicts of interest; other activities of the Manager***

Various potential and actual conflicts of interest may arise from the overall investment activities of the Manager and its Connected Persons for their own accounts and the accounts of others. The Manager and its Connected Persons may invest for their own accounts and for the accounts of clients in various instruments that have interests different from or adverse to the instruments that are owned by the relevant Sub-Fund. For more information, please refer to the section headed "**General information – Conflicts of interest**".

#### ***Effect of substantial redemptions***

Substantial redemptions by Shareholders within a short period of time could require a Sub-Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or has become illiquid. Reduction in the size of the relevant Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

#### ***Indemnification of the Company's Directors, service providers etc.***

The Company's Directors, Manager, Administrator, Custodian, Auditors and its other service providers, and their respective affiliates, are entitled to be indemnified in certain circumstances. As a result, there is a risk that the Company's assets will be used to indemnify such persons, companies or their employees or to satisfy their liabilities as a result of their activities in relation to the Company.

#### ***Reliance on management***

The Company's performance is largely dependent on the continuation of an agreement with the Manager and the services and skills of its delegates and their respective officers and employees. The loss of the Manager's services or its delegates' (or of any of their respective key personnel) could materially and negatively impact the value of the Company.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved. Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

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## SUBSCRIPTION OF SHARES

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### **Classes of Shares**

Different Classes of Shares may be offered for each Sub-Fund. Although the assets attributable to a Sub-Fund will form one single pool, each Class of Shares may be denominated in a different Class Currency or may have a different charging structure or Class specific liabilities with the result that the Net Asset Value attributable to each Class of Shares of a Sub-Fund may differ. In addition, each Class of Shares may be subject to different Minimum Initial Subscription Amount, Minimum Subsequent Subscription Amount, Minimum Holding Amount and Minimum Redemption Amount. Investors should refer to the relevant Appendix for the available Classes of Shares and the applicable minimum amounts.

The Base Currency of a Sub-Fund will be set out in the relevant Appendix. Each Class of Shares within a Sub-Fund will be denominated in the Class Currency thereof, which may be the Base Currency of the Sub-Fund to which such Class relates or such other currency of account as specified in the relevant Appendix.

Currency Hedged Class of Shares (where “Hedged” is indicated in the name of the Class) may be offered for each Sub-Fund. The Manager may hedge the currency exposure of a Class denominated in a currency other than the Base Currency of a Sub-Fund against that Sub-Fund's Base Currency, in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Class Currency and the Base Currency of that Sub-Fund. As this type of foreign exchange hedging may be utilised for the benefit of a particular Currency Hedged Class of Shares, its costs and resultant profit or loss on the hedging transaction shall be for the account of that Currency Hedged Class of Shares only. Investors should note that the additional costs associated with this form of hedging include transaction costs relating to the instruments and contracts used to implement the hedge. The costs and the resultant profit or loss on the hedged transaction will be reflected in the Net Asset Value per Share of the relevant Currency Hedged Class of Shares.

### **Initial Offer**

Shares of a Sub-Fund or a Class in a Sub-Fund will be offered for the first time at the Initial Offer Price during the Initial Offer Period of such Sub-Fund or such Class as specified in the relevant Appendix.

### **Minimum Subscription Level**

The offering of a Class of Shares or a Sub-Fund may be conditional upon the Minimum Subscription Level (if applicable) being received on or prior to the close of the Initial Offer Period in respect of such Class or Sub-Fund.

In the event that the Minimum Subscription Level of a Class of Shares or a Sub-Fund is not achieved or the Directors are of the opinion that it is not in the commercial interest of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the relevant Class of Shares or Sub-Fund, the Directors may in their discretion extend the Initial Offer Period for the relevant Class of Shares or Sub-Fund or determine that the relevant Class of Shares or the relevant Sub-Fund and the Class or Classes of Shares relating to it will not be launched. In such event, the relevant Class of Shares or the Sub-Fund and the Class or Classes of Shares relating to it shall be deemed not to have commenced.

Notwithstanding the aforesaid, the Directors reserve the discretion to proceed with the issue of Shares of the relevant Class of Shares or Sub-Fund even if the Minimum Subscription Level has not been achieved.

## **Subsequent Subscription**

Shares are available for subscription on each Dealing Day after the expiry of the Initial Offer Period (if any), subject to any Minimum Initial Subscription Amount and/or Minimum Subsequent Subscription Amount that may apply to a Class or a Sub-Fund, as specified in the relevant Appendix.

## **Issue Price**

After the close of the Initial Offer Period, the Issue Price per Share for any Class of a Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Share of that Class as at the Valuation Point on the Valuation Day in respect of that Dealing Day (for further details see “**Valuation and suspension – Calculation of Net Asset Value**” below).

In calculating the Issue Price, there may be imposed, under the circumstances disclosed in the section “**Valuation and suspension – Adjustment of prices**” below, such amount (if any) an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments and (ii) fiscal and purchase charges (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Share. For further details, please see “**Valuation and suspension – Adjustment of prices**” below.

The Issue Price shall be rounded to the nearest 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

The function of pricing of Shares (i.e. determination of the Issue Price and any pricing adjustment set out under the section “**Valuation and suspension – Adjustment of prices**”) is delegated to the Manager.

## **Subscription Charge**

The Directors are entitled to charge a Subscription Charge on the issue of each Share of a percentage of either (i) the Initial Offer Price or the Issue Price, as the case may be, of such Share or (ii) the total subscription amount received in relation to an application, as the Directors may at their discretion determine. The maximum and current rates of Subscription Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Subscription Charge may be imposed in relation to the issue of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

Subject to the applicable requirements of the UT Code, the Directors may at any time increase the rate of Subscription Charge of a Class of Shares or a Sub-Fund. The Directors will inform investors of any such increase as soon as reasonably practicable.

The Directors may on any day differentiate between applicants or Classes of Shares as to the amount of the Subscription Charge. The Subscription Charge will be paid to the Manager, its agents or delegates for their own absolute use and benefit.

## **Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount**

Details of any Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount applicable to a Class of Share or a Sub-Fund are set out in the relevant Appendix.



The Directors have the discretion to waive, change or accept an amount lower than the Minimum Initial Subscription Amount or Minimum Subsequent Subscription Amount from time to time, whether generally or in a particular case.

## **Application Procedures**

Unless otherwise specified in the relevant Appendix, applications for subscription of Shares may be made to the Administrator (with a copy to the Manager) by completing the Application Form and sending it by post, by email or by facsimile to the Administrator at the business address, the designated email address or facsimile number on the Application Form, or through such other means, including approved electronic transmission, as may be permitted by the Directors (where such means are in accordance with the SFC's requirements) and such applications should contain such information as may be specified from time to time by the Directors or their delegates, provided that, if so requested by the Administrator, the originals shall follow promptly, or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Manager, the Administrator and/or the Authorised Distributor(s) may request further supporting documents and/or information to be provided together with the Application Form or electronic instructions. The original of any Application Form sent by facsimile or such other means, including by electronic transmission, must follow promptly for account opening and initial subscription and/or if the Manager, the Administrator and/or the Authorised Distributor(s) so request. The Application Form is available from the Administrator and/or the Authorised Distributors.

In respect of Application Forms or electronic instructions (as the case may be) and subscription moneys in cleared funds which are received on or before the IOP Deadline, Shares will be issued following the close of the Initial Offer Period. If Application Forms, electronic instructions and/or application monies in cleared funds are received after the IOP Deadline, the relevant applications shall be carried forward to the next Dealing Day and shall be dealt with at the Issue Price at such Dealing Day. The Manager (as delegated by Directors) may accept late applications as it thinks fit by written instructions to the Administrator.

Following the close of the Initial Offer Period, an Application Form or electronic instructions received by the Administrator by the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. If an application for Shares is received after the Dealing Deadline for a Dealing Day then the application will be held over until the next Dealing Day provided that the Directors may in the event of system failure which is beyond the reasonable control of the Company or events of natural disaster after taking into account the interests of other Shareholders of the relevant Sub-Fund exercise their discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. The Manager (as delegated by Directors) may accept late applications as it thinks fit by written instructions to the Administrator.

The application procedures (including cut-off times) may vary depending upon the Authorised Distributor through whom an investor chooses to subscribe for Shares. Investors should consult the relevant Authorised Distributor before placing orders in any Sub-Fund.

## **Payment Procedures**

Payment for Shares subscribed for cash during the Initial Offer Period and the Subscription Charge (if any) is due in cleared funds by the IOP Deadline. Following the close of the Initial Offer Period, payment for Shares and the Subscription Charge (if any) is due at the expiry of the Payment Period.

If payment in full in cleared funds has not been received by the IOP Deadline or the relevant Payment Period (or such other period as the Directors may determine and disclose to the applicants), the Directors may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) cancel any Shares which may have been issued in respect of such application for subscription and the Directors must cancel the issue of the relevant Shares if the Custodian of the relevant Sub-Fund so requires.

Upon such cancellation, the relevant Shares shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Company, provided that: (i) no previous valuations of the Company, the relevant Sub-Fund or the relevant Class of Shares shall be re-opened or invalidated as a result of the cancellation of such Shares; and (ii) the Company (for the account of the relevant Sub-Fund) may require the applicant to pay the Company (for the account of the relevant Sub-Fund in respect of each Share so cancelled) the amount (if any), by which the Issue Price of each such Share exceeds the Redemption Price of such Share on the day of cancellation (if such day is a Dealing Day for the relevant Class of Shares) or the immediately following the Dealing Day plus interest on such amount until receipt of such payment.

Payments for Shares should be made in the Base Currency of the relevant Sub-Fund or where one or more Classes are issued in respect of a Sub-Fund, payment for Shares of a Class should be made in the Class Currency of such Class. Subject to the agreement of the Company, payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the relevant Base Currency or Class Currency (as the case may be), they will be converted into the relevant Base Currency or Class Currency (as the case may be) at the cost of the relevant applicant and the proceeds of conversion (after deducting the costs of such conversion) will be applied in the subscription of Shares in the relevant Sub-Fund or Class. Any conversion to the relevant Base Currency or Class Currency (as the case may be), will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Currency conversion will be subject to availability of the currency concerned. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective agents or delegates will be liable to any Shareholder or any person for any loss suffered by such Shareholder arising from such currency conversion.

Unless otherwise provided in the relevant Appendix, all payments should be made by direct transfer, telegraphic transfer (or other manner as may be agreed by the Company). Any costs of transfer of subscription moneys to a Sub-Fund will be payable by the applicant.

All subscription moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted. The applicant should provide sufficient evidence as to the source of payment as the Company, the Manager and the Administrator and/or the Custodian of the relevant Sub-Fund may from time to time require.

**No money should be paid to an intermediary in Hong Kong who is not licensed or registered to carry on Type 1 Regulated Activity (dealing in securities) under Part V of the SFO.**

### **Subscription in Specie**

The Instrument of Incorporation also provides that instead of receiving payment in cash, the Directors may issue fully paid Shares in exchange for such other investments as the Manager may from time to time agree (e.g. company shares, bonds or other financial instruments) upon the request of the applicant(s). The issue of Shares in exchange for investments shall be conducted in accordance with the Instrument of Incorporation, summarized as follows:

- (a) Shares must not be issued until the investments have vested in the Custodian of the relevant Sub-Fund to the Custodian's satisfaction and subject to the Custodian's prior consent;
- (b) Shares must not be issued if as a result the Sub-Fund would cease to comply with the investment objectives, policy and restrictions and the laws and regulations applicable to such Sub-Fund;
- (c) the number of Shares to be issued will be determined in accordance with the Instrument of Incorporation;
- (d) the investments to be transferred to the relevant Sub-Fund must be independently valued on

- such basis as the Manager decides so long as such value is not more than the highest amount that would be obtained on the date of the exchange if the investments were valued in accordance with the section headed “**Calculation of Net Asset Value**” in the Prospectus; and
- (e) the Manager and the Custodian of the relevant Sub-Fund must be satisfied that the terms of exchange are in best interests of the relevant Sub-Fund as a whole and are not likely to result in any prejudice to the existing holders of Shares relating to the relevant Sub-Fund.

In practice the Manager will consider various other factors in accepting investments for issue of Shares including that such investments to be accepted should be consistent with the liquidity profile of the relevant Sub-Fund so that the relevant Sub-Fund can meet its obligations to satisfy redemption requests.

Any valuation costs and transfer expenses associated with such subscription would be borne by the applicant.

### **General**

The Directors, the Manager and the Administrator have an absolute discretion to accept or reject in whole or in part any application for Shares, without giving any reason for such rejection and without being liable to the investors for any direct or indirect loss or consequence. Such action, if any, shall be taken in the best interest of the Shareholders. In such circumstances, the subscription monies paid, or the balance thereof, will normally be returned to the applicant by transfer to the applicant's designated account without interest, expenses or compensation.

If an application is rejected (either in whole or in part) or the Directors determine that the relevant Class of Shares or the relevant Sub-Fund and the Class or Classes of Shares related to it will not be launched, subscription moneys (or the balance thereof) will be returned within the Refund Period without interest and after deducting any of out-of-pocket fees and charges incurred by the Company, the Manager, the Administrator or the Custodian of the relevant Sub-Fund by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Company may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Shares issued by the Company will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the applicant (at the risk of the person entitled thereto). In case of any error in a contract note, applicants should contact the relevant intermediaries or the Authorised Distributor promptly for rectification.

Fractions of a Share (rounded to the nearest 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors) may be issued. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

### **Restrictions on Issue**

No Shares of a Sub-Fund or a Class will be issued where the determination of the Net Asset Value of that Sub-Fund or Class and/or the allotment or issuance of Shares of that Sub-Fund or Class is suspended (for further details see “**Valuation and suspension - Suspension**” below) or when the Directors determine that subscriptions for such Sub-Fund or Class of Shares are closed.

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## REDEMPTION OF SHARES

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### Redemption of Shares

Subject to the restrictions (if any) as specified in the relevant Appendix, any Shareholder may redeem his or her Shares on any Dealing Day in whole or in part. Save where there is a suspension of the determination of the Net Asset Value of the Company, the relevant Sub-Fund or Class and/or the redemption of Shares of the relevant Sub-Fund or Class, a redemption request once given cannot be withdrawn without the consent of the Directors.

### Redemption Price

Shares redeemed on a Dealing Day will be redeemed at the Redemption Price calculated by reference to the Net Asset Value per Share of the relevant Class as at the Valuation Point on the Valuation Day in respect of that Dealing Day (for further details, see “**Valuation and suspension - Calculation of Net Asset Value**” below).

In calculating the Redemption Price, there may be deducted, under the circumstances disclosed in the section “**Valuation and suspension – Adjustment of prices**” below, an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments and (ii) fiscal and sales charges (including stamp duty, other taxes, duties or governmental charges, brokerage, bank charges or transfer fees) which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request. For further details, please see “**Valuation and suspension – Adjustment of prices**” below.

The function of pricing of Shares (i.e. determination of the Redemption Price and any pricing adjustment set out under the section “**Valuation and suspension – Adjustment of prices**”) is delegated to the Manager.

The Redemption Price shall be rounded to the nearest 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

**If at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption proceeds are converted out of any other currency into the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class there is an officially announced devaluation or depreciation of that currency, the amount payable to any relevant redeeming Shareholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.**

### Redemption Charge

The Directors may charge a Redemption Charge on the redemption of Shares of a percentage of either (i) the Redemption Price per Share; or (ii) the total redemption amount in relation to a redemption request, as the Directors may at their discretion determine. The maximum and current rates of Redemption Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Redemption Charge may be imposed in relation to the redemption of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

Subject to the applicable requirements of the UT Code, the Directors may increase the rate of Redemption Charge payable up to or towards the maximum rate for a Sub-Fund or a Class of Shares

by giving at least 1 month's prior written notice to the Shareholders. The maximum rate of Redemption Charge of a Sub-Fund or a Class of Shares may be increased with the sanction of a special resolution of the Shareholders of the relevant Sub-Fund or Class of Shares (as the case may be) and subject to the SFC's prior approval.

For the purpose of calculating the Redemption Charge payable on a partial redemption of a Shareholder's holding, Shares subscribed earlier in time are deemed to be redeemed prior to Shares subscribed later in time unless the Directors agree otherwise.

The Redemption Charge will be deducted from the amount payable to a Shareholder in respect of the redemption of Shares. The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit or, if so stated in the relevant Appendix, retained by the Company for the benefit of the relevant Sub-Fund. Where the Redemption Charge is retained by the Manager, it may at its discretion, pay all or part of the Redemption Charge to its agents or delegates. The Directors shall be entitled to differentiate between Shareholders or Classes of Shares as to the amount of the Redemption Charge (within the maximum rate of Redemption Charge).

### **Minimum Redemption Amount and Minimum Holding Amount**

Details of any Minimum Redemption Amount and Minimum Holding Amount applicable to a Class of Share or a Sub-Fund are set out in the relevant Appendix.

If a redemption request will result in a Shareholder holding Shares of a Sub-Fund or a Class less than the Minimum Holding Amount for that Sub-Fund or Class, the Directors may deem such request to have been made in respect of all Shares of the relevant Sub-Fund or Class held by that Shareholder.

The Directors have the discretion to waive, change or accept an amount lower than the Minimum Redemption Amount or Minimum Holding Amount from time to time, whether generally or in a particular case.

### **Redemption Procedures**

Applications for redemption of Shares may be made to the Administrator (with a copy to the Manager) or the Authorised Distributor(s) by completing the Redemption Form and sending it by post, by email or by facsimile to the Administrator at the business address, the designated email address or facsimile number on the Redemption Form or by such other means, including by approved electronic transmission, as may be permitted by the Directors (where such means are in accordance with the SFC's requirements) provided that, if so requested by the Administrator, the originals shall follow promptly, or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Redemption Form is available from the Administrator and/or the Authorised Distributor(s).

A Redemption Form or an electronic instruction received by the Administrator by the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. If an application for redemption of Shares is received by the Administrator after the Dealing Deadline for a Dealing Day then the application will be held over until the next Dealing Day provided that the Directors may in the event of system failure which is beyond the reasonable control of the Company or events of natural disaster and after taking into account the interest of other Shareholders of the relevant Sub-Fund, exercise their discretion to accept a redemption request in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day.

The redemption procedures (including cut-off times) may vary depending upon the Authorised Distributor through whom an investor chooses to redeem Shares. Investors should consult the relevant Authorised Distributor before placing redemption orders in any Sub-Fund.

## **Payment of Redemption Proceeds**

Redemption proceeds will normally be paid by direct transfer or telegraphic transfer in the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class of Shares to the pre-designated bank account of the Shareholder (at the Shareholder's risk and expense). No third party payments will be permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Shareholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Directors, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the relevant Base Currency or Class Currency. Redemption proceeds may be paid in a currency other than the relevant Base Currency or Class Currency if so requested by the relevant redeeming Shareholders and agreed by the Directors. In addition, the Directors may, without the consent of the relevant redeeming Shareholder, pay redemption proceeds in a currency other than the relevant Class Currency if due to any foreign exchange control or restriction or regulatory requirement or policy, the relevant Class Currency is not available or not sufficient for payment of the redemption proceeds.

Where redemption proceeds are paid in a currency other than the relevant Base Currency or Class Currency, they will be converted from the relevant Base Currency or Class Currency at the cost of the relevant redeeming Shareholders. Any conversion from the relevant Base Currency or Class Currency, will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. The cost of currency conversion (including but not limited to any bank charges and charges for telegraphic transfer) will be deducted from the redemption proceeds. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective agents or delegates will be liable to any Shareholder or any person for any loss suffered by such Shareholder arising from such currency conversion.

Redemption proceeds will be paid as soon as practicable (normally within 3 Business Days) but in any event not exceeding one calendar month after the later of (i) the relevant Dealing Day and (ii) the day on which the Administrator receives the duly completed Redemption Form and such other documents and information as the Directors, the Manager, the Custodian, the Administrator and/or the Transfer Agent may reasonably require, unless the market(s) in which a substantial portion of investments of the relevant Sub-Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within the aforesaid time period not practicable. In such case, payment of redemption proceeds may be deferred, but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

The Company may, in its absolute discretion, delay payment to the Shareholder until (a) the Redemption Form duly signed by the Shareholder has been received by or on behalf of the Company; (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Shareholder (or each joint Shareholder) on the Redemption Form has been verified to the satisfaction of the Company (or its duly authorised agents); and (c) the Shareholder has produced all documents or information required by the Company or its duly authorised agents for the purpose of verification of identity or that are necessary to ensure compliance with applicable laws and regulations, including anti-money laundering law or regulation.

The Company may refuse to make a redemption payment to a Shareholder if the Company suspects or is advised that (i) such payment may result in a breach or violation of any laws or regulations, including anti-money laundering law or regulation, by any person in any relevant jurisdiction; or (ii)

such refusal is necessary or appropriate to ensure compliance by the Company, the Manager, the Administrator, the Custodian or other service providers with any such laws or regulations in any relevant jurisdiction.

The Company may also withhold such amounts as are required by the laws of any relevant jurisdiction. If the Company is required or entitled by any applicable laws, regulations, direction or guidance, or by any agreement with any tax or fiscal authority to make withholdings from any redemption proceeds payable to the Shareholder, the amount of such withholdings shall be deducted from the redemption proceeds otherwise payable to such person.

Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Company, the Custodian or the Manager, neither the Company, the Manager nor the Custodian nor their agents shall be liable for any loss caused by any refusal or delay in making payment as a result of delay in receipt of proceeds of realisation of the investments of the relevant Sub-Fund.

### **Redemption in Specie**

The Instrument of Incorporation also provides for payment of redemption proceeds in specie with the prior consent of the relevant Shareholder. The redemption of Shares by payment in specie shall be conducted in accordance with the Instrument of Incorporation.

### **Restrictions on Redemption**

No Shares of a Sub-Fund or a Class may be redeemed where the determination of the Net Asset Value of that Sub-Fund or Class and/or the redemption of Shares of that Sub-Fund or Class is suspended (for further details see “**Valuation and suspension - Suspension**” below).

With a view to protecting the interests of all Shareholders of a Sub-Fund, the Manager may, after consultation with the Custodian of the relevant Sub-Fund, limit the number of Shares of such Sub-Fund redeemed on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Shareholders of the relevant Sub-Fund who have validly requested to redeem Shares of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Shares of that Sub-Fund. Any Shares not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager shall have the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Company will give notice to the Shareholders concerned that the relevant Shares have not been redeemed and that (subject to any further exercise of this power on any subsequent Dealing Day) such Shares shall be redeemed on the next succeeding Dealing Day (and in any event within 5 Business Days of such Dealing Day) for the relevant Sub-Fund.

### **Compulsory Redemption of Shares**

If the Directors and the Manager reasonably suspect that Shares of any Class are owned directly, indirectly or beneficially by any person:

- (a) in contravention of any laws or requirements of any country, any governmental authority or any stock exchange on which such Shares are listed;
- (b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors and the Manager to be relevant) which in their opinion might result in the Company, the relevant Sub-Fund, the Directors, the Custodian of the relevant Sub-Fund, the Manager, the Administrator, any other service provider to the Company or other Shareholders incurring any liability to taxation or requiring registration

with any regulatory authority or suffering any other pecuniary disadvantage or would subject the Company, the relevant Sub-Fund, the Directors, the Custodian of the relevant Sub-Fund, the Manager, the Administrator, any other service provider to the Company or other Shareholders to any additional regulation which such party might not otherwise have incurred or suffered or been subject to; or

- (c) in breach of any eligibility requirements for the relevant Class set out in the relevant Appendix,

the Directors and the Manager may acting in good faith and in compliance with any applicable laws and regulations:

- (i) give notice requiring the relevant Shareholder to transfer the Shares to a person who would not be in contravention of the above restrictions within 30 days of the date of the notice;
- (ii) deem receipt of a redemption request from the relevant Shareholder in respect of such Shares; or
- (iii) take such other actions as they reasonably believe are required by applicable laws and regulations.

Where the Directors or the Manager have given such notice and the Shareholder has failed to either (i) transfer the relevant Shares within 30 days of the date of the notice, or (ii) establish to the satisfaction of the Directors and/or the Manager (whose judgment is final and binding) that the relevant Shares are not held in contravention of any of the restrictions set out above, the Shareholder is deemed to have given a redemption request in respect of the relevant Shares on the expiry of the notice.



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## CONVERSION

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### Conversion of Shares

Unless otherwise specified in the relevant Appendix, Shareholders shall be entitled (subject to such limitations as the Directors may impose) to convert all or part of their Shares of any Class relating to a Sub-Fund (the “**Existing Class**”) into Shares of any other Class in the same Sub-Fund or into Shares of another Sub-Fund (the “**New Class**”) available for subscription or conversion provided that no Shares may be converted if to do so would result in a holding of less than the minimum holding of Shares of the Existing Class or the New Class. Unless the Directors otherwise agree, Shares of a Class can only be converted into Shares of a Class with substantially the same features as the Class from which the Shareholder wishes to convert.

A request for conversion will not be effected if as a result the relevant Shareholder would hold less than the Minimum Holding Amount of the Existing Class or the New Class, or is prohibited from holding Shares of the New Class.

In addition, specific limitations or restrictions may apply when a Shareholder intends to convert his or her Shares into another Class or Sub-Fund. The relevant limitations or restrictions (if any) will be set out in the Appendix for the relevant Sub-Fund.

### Switching Fee

A Switching Fee may be charged by the Directors in respect of each Share of the New Class to be issued upon such conversion, calculated as a percentage of:

- (i) the Subscription Price per Share of the New Class as at the Valuation Point on the Valuation Day at which the Subscription Price of such Shares is ascertained; or
- (ii) the total amount being converted into,

as the Directors may at their discretion determine.

The maximum and current rates of Switching Fee (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Switching Fee may be imposed in relation to the conversion of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

The Switching Fee shall be deducted from the amount reinvested into the Sub-Fund relating to Shares of the New Class and shall be retained by or paid to the Manager, its agents or delegates for their own absolute use and benefit.

Where the Switching Fee is levied pursuant to paragraph (i) above, Shares of the Existing Class will be converted into Shares of the New Class in accordance (or as nearly as may be in accordance) with the following formula:

$$N = \frac{(E \times R \times F)}{S + SF}$$

Where the Switching Fee is levied pursuant to paragraph (ii) above, Shares of the Existing Class will be converted into Shares of the New Class in accordance (or as nearly as may be in accordance) with the following formula:

$$N = \frac{(E \times R \times F - SF)}{S}$$

Where in either case:

**N** is the number of Shares of the New Class to be issued, provided that amounts lower than the smallest fraction of a Share of the New Class shall be ignored and shall be retained by the Sub-Fund relating to the New Class.

**E** is the number of Shares of the Existing Class to be converted.

**F** is the currency conversion factor determined by the Directors (as delegated to the Manager) for the relevant Dealing Day of the New Class as representing the effective rate of exchange between the Class Currency of Shares of the Existing Class and the Class Currency of Shares of the New Class.

**R** is the Redemption Price (less Redemption Charge if applicable) per Share of the Existing Class applicable on the relevant Dealing Day.

**S** is the Issue Price per Share for the New Class applicable on the Dealing Day for the New Class on which the conversion is to be effected PROVIDED THAT where the issue of Shares of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Share of the New Class applicable on the first Dealing Day for the New Class falling on or after the satisfaction of such conditions.

**SF** is a Switching Fee (if any).

If there is, at any time during the period from the time as at which the Redemption Price per Share of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates ("**Original Sub-Fund**") to the Sub-Fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Redemption Price may be reduced as the Manager consider appropriate to take account of the effect of that devaluation or depreciation and in such event the number of Shares of the New Class to be allotted to any relevant Shareholder shall be recalculated in accordance with the relevant formula set out above as if that reduced Redemption Price had been the Redemption Price ruling for redemptions of Shares of the Existing Class on the relevant Dealing Day.

## **Conversion Procedures**

Applications for conversion of Shares may be made to the Administrator (copy to the Manager) by completing the Conversion Form and sending it by post, by email or by facsimile to the Administrator at the business address, mailed to the designated email address or facsimile number on the Conversion Form or by such other means, including by electronic transmission, as may be permitted by the Directors (where such means are in accordance with the SFC's requirements) provided that the originals shall follow promptly, or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Conversion Form is available from the Transfer Agent and/or the Authorised Distributor(s).

Conversion Forms or electronic instructions which are received by the Administrator by the Dealing Deadline applicable to the Existing Class or such later time as the Directors may think fit on a Dealing Day (but prior to the Valuation Point relating to the relevant Dealing Day) in relation to such Existing Class will be dealt with on that Dealing Day and Conversion Forms or electronic instructions received after such time will be dealt with on the following Dealing Day in relation to such Existing Class. Conversion Forms or electronic instructions may not be withdrawn without the consent of the Directors.

Depending on the Valuation Point of the relevant Sub-Fund and the time required to remit the conversion money, the day on which investments are converted into the New Class may be later than

the day on which investments in the Existing Class are converted out or the day on which the instruction to convert is given.

### **Restrictions on Conversion**

Shares shall not be converted during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details see “***Valuation and suspension - Suspension***” below) or when the Directors determine, that subscriptions for Shares of the New Class or redemptions of Shares of the Existing Class are closed.

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## VALUATION AND SUSPENSION

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### Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund, the Net Asset Value of each Class of Shares and the Net Asset Value per Share of each Class will be calculated in accordance with the Instrument of Incorporation as at the Valuation Point on each Valuation Day.

The Net Asset Value of a Sub-Fund shall be calculated by valuing the assets of such Sub-Fund in accordance with the provisions of the Instrument of Incorporation and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Instrument of Incorporation. The Instrument of Incorporation provides among others that:

(a) Listed Investments

The value of any investment (including units, shares or other interests in a collective investment scheme quoted, listed, traded or normally dealt in on a Securities Market but excluding units, shares or other interests in an unlisted collective investment scheme or a commodity) quoted, listed, traded or normally dealt in on a Securities Market shall at the discretion of the Manager be calculated by reference to the last traded price or closing price as calculated and published by the Securities Market (which, in the opinion of the Manager, provides the principal Securities Market for such investment) or (if no last traded price or closing price is available) midway between the latest available market dealing offer price and the latest available market dealing bid price on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager after consultation with the Custodian of the relevant Sub-Fund may consider in the circumstances to provide a fair criterion, provided that:

- (i) If the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, the Manager may, after consultation with the Custodian of the relevant Sub-Fund, adopt such prices.
- (ii) If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price or, as the case may be, middle quotation on the Securities Market which, in its opinion and after consultation with the Custodian of the relevant Sub-Fund, provides the principal market for such investment.
- (iii) For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Custodian of the relevant Sub-Fund, deems appropriate.
- (iv) In the case of any investment which is quoted, listed or normally dealt in on a Securities Market but in respect of which, for any reason, prices on that Securities Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Custodian of the relevant Sub-Fund.
- (v) Where there is no Securities Market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager, in consultation with the Custodian of the

relevant Sub-Fund, may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereby.

- (vi) There shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price.

(b) Unquoted Investments

The value of any investment (other than an interest in an unlisted collective investment scheme or a commodity) which is not quoted, listed or normally dealt in on a Securities Market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unquoted investments shall be determined on a regular basis by a professional person approved by the Custodian of the relevant Sub-Fund as qualified to value such unquoted investment. Such professional person may, with the approval of the Custodian of the relevant Sub-Fund, be the Manager.

(c) Cash, Deposits etc.

Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager after consultation with the Custodian of the relevant Sub-Fund, any adjustment should be made to reflect the value thereof.

(d) Collective Investment Schemes

The value of each unit, share or other interest in any collective investment scheme (other than units, shares or other interests in a collective investment scheme quoted, listed, traded or normally dealt in on a Securities Market) shall be the net asset value per unit, share or other interest as at the same day the Net Asset Value of the relevant Sub-Fund is calculated, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit, share or other interest in such collective investment scheme (where available) or (if the same is not available) the latest available bid price for such a unit, share or other interest at or immediately preceding the Valuation Point.

If no net asset value, bid and offer prices or price quotations are available, the value of each unit, share or other interest shall be determined from time to time in such manner as the Manager, in consultation with the Custodian of the relevant Sub-Fund, shall determine.

(e) Other Valuation Methods

Notwithstanding paragraphs (a) to (d) above, the Manager may, after consultation with the Custodian of the relevant Sub-Fund, adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Manager, after consultation with the Custodian of the relevant Sub-Fund deems relevant, it considers that such adjustment or use of such other method is required to reflect the fair value thereof.

For instance, where the market value of an investment is unavailable or where the Manager reasonably believes that no reliable price exists or the most recent price available does not reflect a price the relevant Sub-Fund would expect to receive upon the current sale of the investment, the Manager may value the investment at a price which the Manager believes reflects a fair and reasonable price for that investment in the prevailing circumstances.

(f) Conversion to Base Currency

The value (whether of a borrowing or other liability, an investment or cash) otherwise than in the Base Currency of a Sub-Fund shall be converted into the Base Currency at the prevailing market rate (whether official or otherwise) which the Manager, after consultation with Custodian of the relevant Sub-Fund shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate.

(g) Reliance on Price Data and Information provided through Electronic Price Feeds etc.

Subject as provided below, when calculating the Net Asset Value of a Sub-Fund, the Manager, the Administrator and the Custodian of the relevant Sub-Fund shall be entitled, without verification, further enquiry or liability, to rely on price data and other information in relation to the value of any investment or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuation, or valuation or pricing information which is provided to it by any valuer, third party valuation agent, intermediary or other third party appointed or authorised by the Manager to provide valuations or pricing information of the investments or the assets of the Sub-Fund notwithstanding that the prices so used are not the last traded prices or closing prices.

(h) Appointment of a Third Party for Valuation

Where a third party is engaged in the valuation of the assets of a Sub-Fund, the Manager shall exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources that is commensurate with the valuation policies and procedures for such Sub-Fund. The valuation activities of such third party shall be subject to ongoing supervision and periodic review by the Manager.

Investors should note that, under HKFRS, investments should be valued at fair value and also that, under HKFRS, bid and offer pricing is considered to be representative of the fair value of investments. However, the valuation basis described above may deviate from the HKFRS which may lead to a different valuation had the valuation been performed in accordance with HKFRS. The Manager has considered the impact of such discrepancy and do not expect this issue to affect the results and Net Asset Value of a Sub-Fund materially. To the extent that the valuation basis adopted by the relevant Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

***Net Asset Value per Share of a Class***

In order to determine the Net Asset Value of a Share of a Class of a Sub-Fund, the Net Asset Value attributable to such Class shall be divided by the number of Shares of that Class in issue immediately prior to the relevant Dealing Day for such Class of Shares.

The Manager may, after consultation with the Custodian of the relevant Sub-Fund, arrange for a revaluation of the Net Asset Value of a Share of any Class if the Manager considers that the Net Asset Value per Share of the relevant Class calculated in relation to any Dealing Day does not accurately reflect the true value of such Share. Any revaluation will be made on a fair and equitable basis.

**Delegation of valuation and pricing functions**

The Instrument of Incorporation provides that the Directors shall delegate all functions in respect of valuation and pricing (including adjustments thereto) of the assets of the Company and Shares of the Company to the Manager.

## Adjustment of prices

In order to counter the effects of dilution on a Sub-Fund's Net Asset Value brought about by large purchases or redemptions of the Sub-Fund's Shares, the Manager may (i) make fiscal charges adjustment to the Issue Price and Redemption Price or (ii) implement swing pricing to adjust the Net Asset Value of a Sub-Fund, as detailed below. For the avoidance of doubt, the Manager may either adjust the Net Asset Value of a Sub-Fund, or adjust the Issue Price/Redemption Price of the Sub-Fund, but not both, on a particular Dealing Day.

Dilution involves a reduction in the Net Asset Value brought about by investors purchasing, selling and/or exchanging in and out of a Sub-Fund at a price that does not reflect the dealing costs associated with the Sub-Fund's trade activity undertaken to accommodate the corresponding cash inflows or outflows. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Sub-Fund deviates from the valuation of these assets in the Sub-Fund due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of a Sub-Fund and therefore impact Shareholders.

The Manager will consult the Custodian of the relevant Sub-Fund prior to (i) any adjustment in the Issue Price or Redemption Price and (ii) swing pricing adjustment and such adjustment would only be made where the Custodian of the relevant Sub-Fund has no objection to it. Should the Manager increase the adjustment limits specified below, it will apply with the SFC (if required) and provide notice to investors regarding this change.

### Fiscal charges adjustment

In calculating the Issue Price, the Manager may make adjustments including adding bid-ask spread, and fiscal and purchase charges (as described under "**Subscription of Shares – Issue Price**" above) and in calculating the Redemption Price, the Manager may make adjustments including deducting bid-ask spread, and fiscal and sale charges (as described under "**Redemption of Shares – Redemption Price**" above).

The Manager will only make such adjustments to the Issue Price and Redemption Price with a view to protecting the interests of Shareholders under exceptional circumstances as determined by the Manager from time to time. In such circumstances the Issue Price or Redemption Price (as the case may be) of the relevant Class may be adjusted by an amount (not exceeding 3% of the Net Asset Value per Share of the relevant Class) which reflects the fiscal and sales charges that may be incurred by the relevant Sub-Fund and the estimated difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid or asked price of such investments.

For the avoidance of doubt,

- (a) the Issue Price and Redemption Price, prior to any adjustment, will be determined with reference to the same Net Asset Value per Share of the relevant Class;
- (b) it is not the intention of the Manager to adjust the Issue Price upwards and the Redemption Price downwards on the same Dealing Day; and
- (c) any adjustment in the Issue Price or Redemption Price must be made on a fair and equitable basis and in the best interest of Shareholders.

### Swing pricing adjustment

Under the Manager's swing pricing policy, if on any Valuation Day, the aggregate net investor inflows or outflows in Shares of a Sub-Fund exceed a pre-determined threshold, as determined from time to time by the Manager, the Net Asset Value of the Sub-Fund may be adjusted upwards or downwards

to reflect the costs attributable to such net inflows or net outflows. The threshold is set by the Manager taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of a Sub-Fund. The level of swing pricing adjustment will be reviewed and may be adjusted on a periodic basis to reflect an approximation of dealing costs as determined by the Manager. The application of swing pricing will be triggered automatically on a daily basis upon crossing the relevant threshold. The swing pricing adjustment will be applicable to all Shares of a Sub-Fund (and all transactions) on that Valuation Day. The swing pricing adjustment may vary by Sub-Fund and is dependent upon the particular assets in which a Sub-Fund is invested. Please note that an adjustment of the Net Asset Value upward results in investors paying more for each Share subscribed whilst an adjustment of the Net Asset Value downward results in investors receiving less for each Share realised. The swing pricing adjustment will generally not exceed 3% of the original Net Asset Value of a Sub-Fund. Until the threshold is triggered, no swing pricing adjustment will be made and the transaction costs will be borne by the Sub-Fund. Fees other than the subscription charge, conversion charge and redemption charge will continue to be calculated on the basis of the unadjusted Net Asset Value.

Investors are advised that the application of swing pricing may result in increased volatility in a Sub-Fund's valuation and performance, and a Sub-Fund's Net Asset Value may deviate from the underlying investments' performance on a particular Valuation Day as a result of the application of swing pricing. Typically, such adjustment will increase the Net Asset Value per Share on a given Valuation Day when there are net inflows into a Sub-Fund and decrease the Net Asset Value per Share when there are net outflows. As swing pricing adjustment can only be made in one direction on any given day, certain subscribing investors will benefit if the Net Asset Value of a Sub-Fund is adjusted downward and vice versa. Any swing pricing adjustment must be made on a fair and equitable basis and in the best interest of Shareholders.

## **Suspension**

The Manager may, after consultation with the Custodian of the relevant Sub-Fund, and having regard to the best interests of Shareholders, declare a suspension of the determination of the Net Asset Value of any Sub-Fund or of any Class of Shares and/or the issuance, conversion and/or the redemption of Shares and/or the payment of redemption proceeds for the whole or any part of any period:

- (a) during which there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any commodities market or Securities Market on which a substantial part of the investments of the Company or the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of a Sub-Fund or the Issue Price or Redemption Price per Share; or
- (b) during which for any other reason the prices of investments held or contracted for by the Company or the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or
- (c) when circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable for the Company to realise a substantial part of the investments held or contracted for the account of the Company or the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Shareholders of the relevant Class; or
- (d) during which the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the investments of the Company or the relevant Sub-Fund or the issue or redemption of Shares of the relevant Class is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or



- (e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or the Net Asset Value or the Issue Price or Redemption Price per Share takes place or when for any other reason the value of any of the investments or the Net Asset Value of the Company or the relevant Sub-Fund or the Issue Price or Redemption Price per Share cannot in the opinion of the Manager reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or
- (f) when, in the opinion of the Manager, such suspension, delay or extension is required by law or applicable legal process or the issue, redemption or transfer of Shares would result in the violation of any applicable law; or
- (g) where the Company or the relevant Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Company or that Sub-Fund) is suspended or restricted; or
- (h) when the business operations of the Manager, the Administrator, the Custodian of the relevant Sub-Fund or their delegates are substantially interrupted or closed as a result of or arising from a force majeure event; or
- (i) when the Shareholders or the Directors or the Manager have resolved or given notice to terminate the Company or the relevant Sub-Fund or to carry out a scheme of amalgamation involving that Sub-Fund; or
- (j) in such other circumstance or situation exists as set out in the Appendix of the relevant Sub-Fund.

If a suspension is declared, during such a period of suspension:

- (a) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the Company or the relevant Sub-Fund or the Net Asset Value per Share of that Sub-Fund (or a Class thereof, as applicable) (although an estimated Net Asset Value may be calculated and published) and any application for issue or request for conversion or redemption of Shares shall be similarly suspended. If a request for subscription, conversion or redemption of Shares is received by the Company during a period of suspension and not withdrawn, such request shall be treated as if it were received in time to be dealt with on the Dealing Day next following the end of the said suspension and dealt with accordingly; and
- (b) where the suspension is in respect of the allotment or issue, conversion and/or the redemption of Shares of a Class, there shall be no allotment, issue, conversion and/or redemption of Shares of that Class. For the avoidance of doubt, the allotment, issue, conversion or redemption of Shares of a Class may be suspended without suspending the determination of the Net Asset Value.

A suspension shall take effect at such time as the Manager shall declare but not later than the close of business on the Business Day next following the declaration until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall immediately after any such declaration notify the SFC of such suspension and shall, immediately after any such declaration and at least once a month during the period of such suspension, cause a notice to be published on the Manager's website or in any other appropriate manner stating that such declaration has been made.

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## DISTRIBUTION POLICY

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The distribution policy adopted by a Sub-Fund or a Class thereof is set out in the relevant Appendix of such Sub-Fund. A Sub-Fund may offer Classes of Shares that accumulate income (“**Accumulation Classes**”) or pay regular distributions out of net distributable income or capital or gross income of such Sub-Fund (“**Distribution Classes**”).

### Accumulation Classes

No distribution is intended to be made in respect of Accumulation Classes. Therefore, any net income and net realised capital gains attributable to Shares of the Accumulation Classes will be reflected in their respective Net Asset Value.

### Distribution Classes

For Distribution Classes, the Directors will determine the dividend policy including the distribution amount, dividend payment date and frequency at which dividend may be paid as they consider appropriate. However, unless otherwise specified in the relevant Appendix, there is neither a guarantee that such distributions will be made nor will there be a target level of distribution payment.

The Directors will also have the discretion to determine if and to what extent distributions will be paid out of net income and/or capital attributable to the relevant Distribution Class. The Directors may also, in their absolute discretion, distribute gross income and charge all or part of the Sub-Fund’s fees and expenses attributable to the relevant Distribution Class to the capital attributable to the relevant Distribution Class as the Directors consider appropriate, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund in respect of the relevant Distribution Class and therefore, the Sub-Fund may effectively pay dividends out of capital.

**In the event that the net distributable income attributable to the relevant Distribution Class during the relevant period is insufficient to pay distributions as declared, the Directors may in their discretion determine such dividends be paid from capital. Payment of dividends out of capital 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 investment. Any distributions involving payment of dividends out of a Sub-Fund’s capital or payment of dividends effectively out of a Sub-Fund’s capital may result in an immediate reduction of the Net Asset Value per Share of the relevant Distribution Class.**

The composition of the distributions (i.e. the relative amounts/percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Company on request and also on the Manager’s website. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC and may contain information of funds not authorised by the SFC.

Dividends of a Distribution Class declared, if any, shall be distributed among the Shareholders of the relevant Distribution Class rateably in accordance with the number of Shares held by them on the record date as determined by the Directors in respect of the corresponding distribution. For the avoidance of doubt, only Shareholders whose names are entered on the register of Shareholders on such record date shall be entitled to the dividends declared in respect of the corresponding distribution.

Dividends, if declared, will be paid in cash. The cash distribution (if any) will normally be paid by direct transfer or telegraphic transfer in the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class of Shares to the pre-designated bank account of the relevant Shareholder (at the Shareholder’s risk and expense). No third party payments will be permitted. Any bank charges associated with the payment of such distributions will be borne by the relevant Shareholder.

The dividend policy for any Sub-Fund may be amended from time to time. Where required by the

SFC or the UT Code, the Manager will obtain the SFC's prior approval and/or give not less than 1 month's prior notice to the relevant Shareholders of any such amendment.

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## FEES AND EXPENSES

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### **Directors' remuneration**

As of the date of this Prospectus, each of the Directors has waived his / her entitlement to receive a Director's fee (including any expenses incurred by the Directors in the conduct of the Company's business).

### **Management fee**

The Manager is entitled to receive in respect of a Sub-Fund (or any Class thereof), a management fee calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears as a percentage of the Net Asset Value of such Sub-Fund (or such Class) as at each Valuation Day at the rates as specified in the relevant Appendix subject to a maximum fee as specified in the relevant Appendix.

### **Performance fee**

The Manager may charge a performance fee in respect of a Sub-Fund (or any Class thereof), payable out of the assets of the relevant Sub-Fund (or the relevant Class). If a performance fee is charged, further details will be disclosed in the Appendix for the relevant Sub-Fund, including the current rate of the performance fee payable and the basis of calculation of such fee.

### **General**

Unless otherwise stated in the relevant Appendix, the Manager is also entitled to receive and retain the Subscription Charge, Redemption Charge and Switching Fee on the issue, redemption or conversion of any Shares, at the rates as specified in the relevant Appendix.

The Manager reserves the right to waive or rebate any fees to which it is entitled, whether in part or in full and whether in respect of a particular investor or generally. The Manager may share any fees it receives with any person(s) as it deems appropriate.

### **Administrator's and Custodian's fees**

The Administrator(s) and Custodian(s) are entitled to receive fees which are charged as a percentage of the Net Asset Value of the relevant Sub-Fund on each Valuation Day, at the rates specified in the Appendix and subject to a minimum monthly fee (if any) as specified in the relevant Appendix. The Administrator's and Custodian's fees are calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund. The fees payable to the Administrator(s) and Custodian(s) are subject to a maximum rate as specified in the Appendix.

The Administrator(s) and Custodian(s) are also entitled to receive various transaction, valuation and processing fees and other applicable fees as agreed with the Company from time to time and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

### **Notice for fee increase**

Shareholders shall be given not less than 1 month's prior notice should there be any increase of the management fee, the performance fee, the Administrator's fee or the Custodian's fee. Any increase in the maximum level of the management fee, the performance fee the Administrator's fee or the Custodian's fee of a Sub-Fund (or any Class thereof) shall be subject to the SFC's prior approval and the sanction of special resolution of the Shareholders of such Sub-Fund (or such Class).

## **Establishment costs**

The establishment costs of the Company and the initial Sub-Fund are of such amount as set out in the Appendix of the initial Sub-Fund and will be borne by the initial Sub-Funds. The establishment costs will be amortised up to the Amortisation Period. Where subsequent Sub-Funds are established in the future, the Directors may determine that the unamortised establishment costs of the Company or a part thereof may be re-allocated to such subsequent Sub-Funds.

The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Funds to which such costs and payments relate and amortised over the Amortisation Period.

Investors should also note that under HKFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds is not in accordance with HKFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Sub-Funds. To the extent that the accounting basis adopted by a Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

## **General expenses**

Each Sub-Fund will bear the costs of the Company (including those set out below) which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, the Directors have absolute discretion to determine how such costs are to be allocated.

Such costs include but are not limited to the costs of investing and realising the investments of the Company, interest on borrowings and fees incurred in respect of such borrowings, the fees and expenses of the Company, the Directors, the Manager, the Investment Delegate, the Custodian, the Administrator, the Auditors and other service providers to the Company, company secretarial fees, valuation costs, legal fees, the expenses incurred in establishing the Company and Sub-Funds and costs in connection with the initial issue of Shares or a Class of Shares, the costs incurred in connection with the preparation of any amendments to the Instrument of Incorporation or any of the agreements with service providers to the Company, the costs of obtaining and maintaining any listing or regulatory approval, rating agency fees, the costs of holding meetings of Shareholders and of giving notices to Shareholders, the costs incurred in the termination or withdrawal of authorisation of the Company, any Sub-Fund or any Class of Shares, all costs incurred in publishing the Net Asset Value of a Sub-Fund, Net Asset Value per Share, Net Asset Value of a Class of Shares, Net Asset Value per Share of a Class, Issue Price and Redemption Price of Shares, all fees and expenses incurred in connection with the retirement or removal of any service provider to the Company or the appointment of any new service provider, all costs of preparing, printing and distributing all statements, financial reports, the expenses of preparing and printing any offering document and any notices to Shareholders, and any other expenses, deemed by the Directors, after consulting the Auditors, to have been incurred in compliance with or connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with any code or guideline applicable to the Company the cost of any liability insurance taken out by the Company in respect of the Directors, any amount payable under the indemnity provisions of the Instrument of Incorporation or any agreement with the service providers to the Company and all other liabilities of the Company of whatsoever kind and nature including an appropriate provision for taxes and contingent liabilities as determined from time to time by the Directors.

For so long as the Company and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

## **Transactions with Connected Persons, cash rebates and soft dollars**

All transactions carried out by or on behalf of the Company must be executed at arm's length and in the best interests of the Shareholders of the relevant Sub-Fund. In particular, any transactions between the Company, the Directors, the Manager, an Investment Delegate or any of their Connected Persons as principal may only be made with the prior written consent of the Custodian of the relevant Sub-Fund. All such transactions will be disclosed in the annual financial report of the Company.

In transacting with brokers or dealers connected to the Manager, an Investment Delegate, the Directors, the Custodian or any of their Connected Persons, the Manager must ensure that:

- (a) such transactions are on arm's length terms;
- (b) it uses due care in the selection of such brokers or dealers and ensures that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) it monitors such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual financial report of the Company.

None of the Manager, Investment Delegate nor any of their Connected Persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Company to such brokers or dealers, save that goods and services (soft dollars) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions and the Manager's soft dollar practices, including a description of the goods and services received by the Manager will be disclosed in the annual and semi-annual financial reports of the Company.

The Manager, the Investment Delegate and/or any of their Connected Persons reserves the right to effect transactions by or through a broker or dealer with whom the Manager, the Investment Delegate and/or any of their Connected Persons has an arrangement under which that broker or dealer will from time to time provide to or procure for the Manager, the Investment Delegate and/or any of their Connected Persons goods or services for which no direct payment is made but instead the Manager, the Investment Delegate and/or any of their Connected Persons undertakes to place business with that broker or dealer. The Manager and the Investment Delegate (if any) shall procure that no such arrangements are entered into unless (i) the goods and services to be provided pursuant thereto are of demonstrable benefit to the Shareholders (taken as a body and in their capacity as such) whether by assisting the Manager and/or the Investment Delegate in their ability to manage the relevant Sub-Fund or otherwise; (ii) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; (iii) periodic disclosure is made in the annual financial report of the Company or the relevant Sub-Fund in the form of a statement describing the soft dollar policies and practices of the Manager or the Investment Delegate, including a description of goods and services received by them; and (iv) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

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## TAXATION

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Each prospective Shareholder should inform himself or herself of, and where appropriate take independent professional advice on, the taxes applicable to the acquisition, holding and redemption of Shares by him or her under the laws of the places of his or her citizenship, residence and domicile.

The following summary of Hong Kong taxation is of a general nature, is for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Shares. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Shareholders. Prospective Shareholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Shares both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

### **Hong Kong taxation**

#### Taxation of the Company / Sub-Fund(s)

(a) *Profits Tax:*

As the Company and the Sub-Fund(s) have been authorised as a collective investment scheme constituted as an open-ended fund company by the SFC under Section 104 of the SFO, profits of the Company and the Sub-Fund(s) are exempt from Hong Kong Profits Tax under Section 26A(1A) of the Inland Revenue Ordinance.

(b) *Stamp Duty:*

Hong Kong stamp duty is ordinarily payable on the sale or purchase of Hong Kong stock. "Hong Kong stock" is defined under the Stamp Duty Ordinance as "stock" the transfer of which is required to be registered in Hong Kong.

Pursuant to the remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty payable on the transfer of Hong Kong stock to the Company and/or the Sub-Fund(s) as consideration for an allotment of Shares or transfer of Hong Kong stocks by the Company and/or the Sub-Fund(s) upon redemption of Shares is remitted.

#### Taxation of the Shareholders

(a) *Profits Tax:*

Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for unincorporated businesses with the first HK\$2 million of assessable profits charged at 8.25% for corporations and 7.5% for unincorporated businesses, subject to certain conditions being met) will arise on any gains or profits sourced in Hong Kong made on the sale, redemption or other disposal of the Shares where such transactions form part of a trade, profession or business carried on by a Shareholder in Hong Kong and such Shares are not capital assets of the Shareholders. Ascertaining the classification of a gain as revenue or capital will depend on the particular facts and circumstances of the Shareholders.

Dividends received by Shareholders from their Shares in the Company or a Sub-Fund should generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise) in accordance with the current law and the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus).

There is no withholding tax on dividends or interest in Hong Kong.

Shareholders should seek advice from their own professional advisers as to their particular tax positions.

(b) *Stamp Duty.*

No Hong Kong stamp duty is generally payable by a Shareholder in relation to an allotment of Shares or on the redemption of Shares. Also, no Hong Kong stamp duty is payable where a sale or transfer of Shares is effected by extinguishing the Shares or the sale or transfer is to the Manager who subsequently re-sells the Shares within 2 months thereof.

Unless otherwise exempted, other types of sales or purchases or transfers of the Shares by the Shareholders should be liable to Hong Kong stamp duty of, 0.1% on the higher of the stated consideration or market value (normally borne by each of the buyer and the seller). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of Shares.

Shareholders should independently consult their own professional advisers on the possible taxation consequences of their subscribing for, buying, holding, transferring, selling, redeeming or otherwise disposing of the Shares, in the context of their particular situations.

### **Other jurisdiction(s)**

Please refer to the “Mainland China tax risk” under the section headed “Risk Factors” and/or the relevant Appendix on taxation requirements in other jurisdiction(s) that may be applicable to a Sub-Fund.

### **Automatic Exchange of Financial Account Information**

The Inland Revenue (Amendment) (No.3) Ordinance (the “**Ordinance**”) came into force on 30 June 2016. The Ordinance establishes the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (also referred to as the Common Reporting Standard (“**CRS**”)) in Hong Kong. The CRS requires financial institutions (“**FI**”) in Hong Kong (such as the Company and the Sub-Funds) to collect information relating to tax residents of reporting jurisdictions holding financial accounts with FIs, and report such information to the IRD. The information will be further exchanged with jurisdiction(s) in which the account holder is a tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has activated exchange relationships under AEOI on the basis of bilateral competent authority agreements or a multilateral competent authority agreement under the Convention on Mutual Administrative Assistance in Tax Matters; however, the Company, the Sub-Funds and/or its agents may further collect information relating to residents of other jurisdictions.

The Company and each Sub-Fund are required to comply with the requirements of CRS as implemented by Hong Kong, which means that the Company, each Sub-Fund and/or its agents shall collect the relevant tax information relating to Shareholders and prospective investors and provide such information to the IRD.

The AEOI rules as implemented by Hong Kong require the Company and each Sub-Fund to, amongst other things: (i) register the Company’s status as a “Reporting Financial Institution” with the IRD; (ii) conduct due diligence on its accounts (i.e., equity interest held by Shareholders) to identify whether any such accounts are considered “Reportable Accounts” for CRS purposes; and (iii) report certain



information of such Reportable Accounts to the IRD. The IRD will then transmit such information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has activated exchange relationships under AEOI (i.e. the “**Reportable Jurisdictions**”). Broadly, CRS contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in the Reportable Jurisdictions; and (ii) certain entities controlled by individuals who are tax residents in the Reportable Jurisdictions (collectively, “**Reportable Persons**”). Under the Ordinance, details of the Reportable Persons, including but not limited to their name, date of birth, address, tax residence, taxpayer identification number (“**TIN**”), account details, account balance/value, and certain income or sale or redemption proceeds, will be reported to the IRD, which will be subsequently exchanged with government authorities in the relevant Reportable Jurisdictions. By investing in the Company and the relevant Sub-Fund and/or continuing to invest in the Company and the relevant Sub-Fund, Shareholders acknowledge that they may be required to provide additional information to the Company, the relevant Sub-Fund, the Manager and/or the Company’s agents in order for the Company and the relevant Sub-Fund to comply with CRS. The Shareholder’s information (and/or information pertaining to Controlling Person(s) of a Shareholder, as defined in the Ordinance), may be exchanged by the IRD with government authorities in the Reportable Jurisdictions.

Each Shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of CRS on its current or proposed investment in the Company and the relevant Sub-Fund.

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## GENERAL INFORMATION

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### Financial Reports

The Company's and each Sub-Fund's financial year end is on the Accounting Date in each year.

As an alternative to the distribution of printed audited annual financial reports and unaudited semi-annual financial reports, the Company will notify Shareholders where the audited annual financial report in English only can be obtained in printed and electronic form within 4 months after the Accounting Date, and where the unaudited semi-annual financial report in English only can be obtained in printed and electronic form within 2 months after the Semi-Annual Accounting Date in each year. Once issued, hardcopies of the reports are available upon request of Shareholders free of charge and for inspection at any time during normal business hours on any Business Day at the office of the Manager. Copies of the accounts and reports may be posted to investors on request.

The Manager intends to adopt HKFRS in drawing up the annual financial reports of the Company and Sub-Funds and the semi-annual financial reports will apply the same accounting policies and method of computation as are applied in the annual financial reports of the Company and the Sub-Funds. It should however be noted that in amortising the establishment costs of the Company in accordance with the section headed "**Fees and expenses - Establishment costs**", possible deviation from such accounting standards may occur but the Manager does not expect this issue to be material under normal circumstances. The Manager may make necessary adjustments in the annual financial reports in order to comply with HKFRS and to include a reconciliation note in the Company's audited annual financial reports.

### Publication of Prices

The Net Asset Value per Share for each Class of a Sub-Fund will be published on each Dealing Day of that Sub-Fund on the Manager's website at [www.cmbi.com.hk](http://www.cmbi.com.hk). Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

### Removal and Retirement of Directors

A Director may retire by notice of resignation to the Company or when the service agreement (if any) is terminated.

A Director may be removed by ordinary resolution passed at a general meeting. Special notice in accordance with the applicable laws and regulations is required of a resolution to remove a Director or appoint a person in place of a Director so removed at the meeting at which the Director is removed.

A Director ceases to hold office if he/she:

- (a) is prohibited from being a Director under applicable regulatory requirements;
- (b) becomes bankrupt or makes any arrangement or composition with his/her creditors generally;
- (c) becomes a mentally incapacitated person;
- (d) resigns from the office of Director by notice in writing of the resignation of not less than 28 days;
- (e) for more than 6 months has been absent without the Directors' permission from Directors' meetings held during that period;
- (f) upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated

- in accordance with its terms; or
- (g) is removed from the office of Director by an ordinary resolution of Shareholders.

### **Termination of the Company, a Sub-Fund or a Class**

The Instrument of Incorporation provides that the Directors may terminate the Company, a Sub-Fund or any Class of Shares in the following circumstances.

Any Sub-Fund or a Class of Shares may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion if:

- (a) the Net Asset Value of (i) the relevant Sub-Fund is less than USD 10 million (or its equivalent in the Base Currency of the Sub-Fund) or (ii) the relevant Class is less than USD 10 million (or its equivalent in the Class Currency of the relevant Class);
- (b) in the opinion of the Directors, it is impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class (including without limitation, a situation where it is no longer economically viable to operate it);
- (c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class; or
- (d) in such other circumstances as set out in the Appendix for the relevant Sub-Fund or relevant Class.

The Company may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion if:

- (i) the Net Asset Value of the Company is less than USD 10 million or its equivalent in the Base Currency of the Company;
- (ii) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the Company;
- (iii) in the opinion of the Directors, it is impracticable or inadvisable to continue the Company (including without limitation, a situation where it is no longer economically viable to operate it); or
- (iv) if the Manager has retired, or has expressed an intention to retire, or is removed or liable to be removed from office and, within a period of 30 days thereafter, in the Directors' reasonable opinion no other qualified corporation may be appointed as successor, provided that applicable regulatory requirements have been complied with.

Where the Company, a Sub-Fund or a Class is terminated by the Directors, no less than 1 month's notice of termination will be given to affected Shareholders unless otherwise agreed by the SFC.

The Company, a Sub-Fund or a Class of Shares may be terminated by a special resolution of the Shareholders, or the Shareholders of the relevant Sub-Fund or the Shareholders of the relevant Class (as the case may be) on such date as the special resolution may provide. At least twenty one days' notice shall be given to the Shareholders in respect of a meeting of Shareholders where such special resolution will be tabled.

The Company or a Sub-Fund may also be terminated pursuant to applicable laws and regulations.

Any unclaimed proceeds or other cash upon termination of the Company, a Sub-Fund or a Class of Shares, as the case may be, may at the expiration of 12 months from the date upon which the same were payable at the absolute discretion of the Directors be paid in such manner as is set out in the Instrument of Incorporation, which includes payment into court subject to the right to deduct therefrom any expenses in making such payment or payment to one or more charities selected by the Directors for this purpose.

## **Winding up of the Company or a Sub-Fund**

The Company or a Sub-Fund may be wound up pursuant to the applicable provisions of the Securities and Futures (Open-ended Fund Companies) Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The rights of the holders of Shares to participate in the property comprised in the Company or a Sub-Fund on a winding up shall be proportionate to the respective interests in the Company or Sub-Fund represented by the Shares which they hold. Upon winding up of a Sub-Fund, any establishment costs with regard to the relevant Sub-Fund (other than the initial Sub-Fund) that had not yet been fully amortised may be debited against the Sub-Fund's capital at that time, at the discretion of the Manager.

## **Instrument of Incorporation**

The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry on and effective as of 18 December 2023, with registration number OF224.

The Instrument of Incorporation contains provisions for the indemnification of the Directors, former Directors and other officers of the Company and their exculpation from liability in certain circumstances. Any indemnity expressly given to the Directors, former Directors and other officers of the Company in the Instrument of Incorporation is in addition to and without prejudice to any indemnity allowed by law. However, the Directors, former Directors and other officers of the Company shall not be exempted from any liability to Shareholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Shareholders or at Shareholders' expense. Shareholders and intending applicants are advised to consult the terms of the Instrument of Incorporation for further details.

## **Share Capital**

The Company may from time to time issue more than one Class of shares with no par value including management shares of USD 1.00 each and participating shares. The paid-up capital of the Company is equal to its Net Asset Value.

The management shares may only be issued to the Manager or Connected Person of the Manager, and are issued to enable all the participating shares to be redeemed without liquidating the Company. All management shares are currently held by the Manager. Except where there are no participating shares in issue, the management shares do not carry a right to vote.

## **Meetings and Voting Rights**

The Directors have general powers to convene meetings of Shareholders. Further, meetings of Shareholders shall be convened by the Directors if Shareholders representing at least 10% of the total voting rights of all the Shareholders having a right to vote at general meetings request that a meeting be convened. The Directors shall call a meeting within 21 days of receiving such request, in default of which the Shareholders who requested the meeting, or any of them representing more than half of the total voting rights of all of them, may themselves call a meeting.

Shareholders will be given not less than 21 days' notice of any meeting at which a special resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed.

The quorum for passing an ordinary resolution is Shareholders present in person or by proxy representing 10% of the Shares (other than management shares) relevant to the resolution in question and a minimum of 2 Shareholders. The quorum for passing a special resolution shall be Shareholders present in person or by proxy representing 25% or more of the Shares (other than management shares) relevant to the resolution in question as determined by the Directors and a minimum of 2 Shareholders. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned

meeting, such Shareholders as are present in person or by proxy will form a quorum. On a poll votes should be proportionate to the number of Shares held (one vote for each Share held by any Shareholder present in person or by proxy) or to the value of Shares held where there are accumulation Shares. In the case of joint Shareholders the senior of those who tenders a vote (in person or by proxy) will be accepted. For this purpose, seniority is determined by the order in which the names appear on the register of Shareholders.

### **Variation of Class rights**

Subject to applicable laws and regulations, the rights attached to a Class of Shares or Shares of a Sub-Fund shall not be varied except with the sanction of a special resolution passed at a Class or Sub-Fund meeting of the Shareholders concerned.

### **Transfer of Shares**

Subject as provided below, Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of both the transferor and the transferee.

The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Directors (or by service providers on their behalf) or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Administrator for registration. The transferor will be deemed to remain the holder of the Shares transferred until the name of the transferee is entered in the register of Shareholders in respect of such Shares.

Each instrument of transfer must relate to a single Class of Shares only.

The Directors may refuse to enter or cause to be entered the name of a transferee in the register of Shareholders or recognise a transfer of any Shares upon grounds set out in the Instrument of Incorporation, including if the transfer will result in (i) either the transferor or the transferee holding Shares of less than the Minimum Holding Amount, or (ii) a contravention of any applicable laws or regulations or the Instrument of Incorporation, or would produce a result inconsistent with the provisions of this Prospectus. In such case, the transferor or transferee may request a statement of the reasons for the refusal. The instrument of transfer must be returned to the transferor or transferee who lodged it unless the Directors suspect that the proposed transfer may be fraudulent.

### **Anti-Money Laundering Regulations**

As part of the Company's responsibility for the prevention of money laundering, the Company or its agents may require a detailed verification of an investor's identity and the source of payment of subscription moneys. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Company and its agents nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment.

In the event of delay or failure by the applicant to produce any documents or information required for verification of identity or legitimacy of the subscription moneys, the Company may refuse to accept the application and the subscription moneys relating thereto. Further, the Company may delay paying any redemption proceeds if an applicant for Shares delays in producing or fails to produce any documents or information required for the purposes of verification of identity or that are necessary to

ensure compliance with applicable laws and regulations. The Company may refuse to make payment to the Shareholder if the Company suspects or is advised that (i) such payment may result in a breach or violation of any laws or regulations, including any anti-money laundering law or regulation by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Company, the Manager, the Custodian, the Administrator, the Transfer Agent or other service providers with any such laws or regulations in any relevant jurisdiction.

## **Conflicts of Interest**

The Manager, the Investment Delegate(s) (if any), the Administrator(s), the Custodian(s) and the Investment Delegate(s) (if any) may from time to time act as custodian, administrator, registrar, manager, investment delegate or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients including those which have similar investment objectives to those of any Sub-Fund or contract with or enter into financial, banking or other transactions with one another or with any investor of the Sub-Funds, or any company or body any of whose shares or securities form part of any Sub-Fund or may be interested in any such contract or transaction. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company and the Sub-Funds. Each will, at all times, have regard in such event to its obligations to the Company and the Sub-Funds and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly, taking into account the interests of Shareholders of the relevant Sub-Fund as a whole.

The Manager may also act as the investment manager of other funds whose investment objectives, investment approach and investment restrictions are similar to those of a Sub-Fund. The Manager or any of its Connected Persons may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Company. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and “Chinese walls” have been put in place by the Manager to minimise potential conflicts of interest. Neither the Manager nor any of its Connected Persons is under any obligation to offer investment opportunities of which any of them become aware to the Company or to account to the Company in respect of (or share with the Company or to inform the Company of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities fairly between the Company and other clients. Where the Manager invests a Sub-Fund in shares or units of a collective investment scheme managed by the Manager or any of its Connected Persons, the manager of the scheme in which the investment is being made by such Sub-Fund must waive any preliminary or initial charge and redemption charge which it is entitled to charge for its own account in relation to such investment by the relevant Sub-Fund.

The Manager reserves the right for itself and its Connected Persons to co-invest on its own or for other funds and/or other clients with the Company, although any such co-investment must be made on terms no better than those in which the Company is investing. Further, the Manager and any of its Connected Persons may hold and deal in Shares or in investments held by the Company either for their own account or for the account of their clients.

Subject to the restrictions and requirements applicable from time to time, the Manager, any Investment Delegates as may be appointed by the Manager or any of their respective Connected Persons may deal with the Company as principal provided that dealings are carried out in good faith and effected on best available terms negotiated and on an arm’s length basis and in the best interests of the Shareholders of the relevant Sub-Fund. Any transactions between the Company and the Manager, any Investment Delegates as may be appointed by the Manager or any of their Connected Persons as principal may only be made with the prior written consent of the Custodian of the relevant Sub-Fund. All such transactions must be disclosed in the Company’s annual financial report.

In effecting transactions for the account of the Company with brokers or dealers connected to the Manager, any Investment Delegates appointed by the Manager or their Connected Persons, and in relation to any soft dollar received, the Manager shall ensure that the relevant requirements under

the heading “**Transactions with Connected Persons, cash rebates and soft dollars**” under the section “**Fees and expenses**” are complied with.

The services of the Administrator and the Custodian and their Connected Persons provided to the Company are not deemed to be exclusive and each of them shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable in respect of any of the arrangements described above. Each of the Administrator, the Custodian and their Connected Persons shall not be deemed to be affected with notice of or to be under any duty to disclose to the Company, any Sub-Fund, any Shareholder or any other relevant party any fact or information which comes to its notice in the course of it rendering similar services to other parties or in the course of its business in any other capacity or in any manner whatsoever, otherwise than in the course of carrying out its duties under its agreement with the Company or as required by any applicable laws and regulations for the time being in force. None of the Administrator, the Custodian and their Connected Persons shall be liable to account to the Company or any Sub-Fund or any investor of the Company or the Sub-Fund for any profit or benefit made or derived thereby or in connection therewith (including in situations set out above).

If cash forming part of a Sub-Fund's assets is deposited with the Custodian, the Manager, an Investment Delegate of such Sub-Fund or any of their Connected Persons (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the Shareholders of the relevant Sub-Fund, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business. Likewise, cash may be borrowed from the Custodian, the Manager, an Investment Delegate (if any) of such Sub-Fund or any of their connected persons (being a bank), so long as that bank charges interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount, than is in accordance with its normal banking practice, the commercial rate for a loan of the size and nature of the loan in question negotiated at arm's length.

The Manager and the Investment Delegate may enter into trades for the account of a Sub-Fund with the accounts of the Manager, the Investment Delegate or their Connected Persons or their respective clients (including other collective investment schemes managed by the Manager, the Investment Delegate or their Connected Persons) (“**cross trades**”). Cross trades between clients will only be undertaken where the sale and purchase decisions are in the best interests of both clients and fall within the investment objective, restrictions and policies of both clients, the cross trades are executed on arm's length terms at current market value, the reasons for such cross trades are documented prior to execution, and the cross trades are disclosed to both clients. Further, for any cross trades between a Sub-Fund and the accounts of the Manager or its Connected Persons, they should only be undertaken with the prior written consent of the Company, and of the Custodian of the relevant Sub-Fund, provided that any actual or potential conflicts of interest in such cross trades have been disclosed.

### **Directors' interests**

So long as a Director complies with the requirements of the Instrument of Incorporation, the Director shall not be disqualified by his or her office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any transaction, contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such transaction, contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Where a Director is in any way (directly or indirectly) interested in a transaction, contract or arrangement with the Company that is significant in relation to the Company's business and the Director's interest is material, the Director must declare the nature and extent of the Director's interest at a meeting of the Directors or by notice to the other Directors or the Company (i) for a proposed transaction, contract or arrangement, before the Company enters into the transaction, contract or

arrangement, or (ii) for a transaction, contract or arrangement that the Company has entered into, as soon as reasonably practicable.

Subject to the applicable laws and regulations, the Company may by ordinary resolution ratify any transaction or act of a Director not duly authorized by reason of a contravention of the provision of the Instrument of Incorporation on conflicts of interest, provided that such ordinary resolution is passed with the votes of interested members (being the Director, any Connected Person of the Director and a trustee holding shares in trust for the Director or for the Connected Person of the Director) disregarded.

If any question shall arise at any meeting as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed transaction or as to the entitlement of any Director to vote and such question is not resolved by the Director voluntarily agreeing to abstain from voting, such question shall be referred to the chairperson of the meeting, and the chairperson's ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned as known to such Director have not been fairly disclosed.

### **Facsimile or electronic instructions**

If investors choose to send the Application Forms, Redemption Forms or Conversion Form by facsimile or such other electronic means, investors may be required first to provide to the Manager, the Administrator and the Transfer Agent an original indemnity relating to fax or transmission via such other electronic means in the application or request.

The Manager, the Administrator or the Transfer Agent will generally act on faxed or any other electronic instructions for an application or a request for subsequent subscription, redemption or conversion but will require signed original instructions for account opening and initial subscription. However, the Manager or the Administrator may refuse to act on faxed or any other electronic instructions until the written instructions are received. The Manager may, in its absolute discretion, determine whether or not original instructions are also required in respect of any subsequent applications or requests for subscription, redemption or conversion sent by facsimile or any other electronic means by an investor.

Investors should be reminded that if they choose to send the Application Forms, Redemption Forms or Conversion Forms by facsimile or such other electronic means, they bear their own risk of such Application Forms, Redemption Forms or Conversion Forms not being received. Investors should note that the Company, the Directors, the Manager, the Administrator, the Transfer Agent, the Authorised Distributor(s) and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any Application Form, Redemption Form or Conversion Form sent by facsimile or other means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Company, the Manager, the Administrator, the Transfer Agent or Authorised Distributor(s) safe receipt of an application.

### **Forfeiture of unclaimed proceeds or distributions**

A distribution recipient is no longer entitled to a distribution or other sum, and it ceases to remain owing by the Company, if 6 years have passed from the date on which the distribution or other sum became due for payment and the distribution recipient has not claimed it.

### **Market timing**

The Company does not authorise practices connected to market timing. The Directors reserve the right to reject any applications for subscriptions or conversion of Shares from a Shareholder which



the Directors suspect uses such practices and to take such other measures as the Directors believe are necessary to protect the Shareholders of the Sub-Funds.

Market timing is broadly understood as an arbitrage method through which a Shareholder systematically subscribes, redeems or converts Shares within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the concerned Sub-Funds.

### **Certification for compliance with FATCA or other applicable laws**

Each investor (i) shall be required to, upon demand by the Company or its agents, provide any form, certification or other information reasonably requested by and acceptable to the Company (or its agents) that is necessary for the Company or a Sub-Fund (A) to avoid withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Company or the relevant Sub-Fund receives payments and/or (B) to satisfy due diligence, reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including but not limited to any law, rule and requirement relating to AEOI), including such obligations that may be imposed by future legislation.

### **Power to disclose information to regulatory and tax authorities**

Subject to applicable laws and regulations in Hong Kong, the Company, the Administrator, the Custodian, the Manager, other service providers to the Company or any of their authorised person(s) (as permissible under applicable law or regulation) shall have the power to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to the Company or any Shareholder, including but not limited to information relating to leverage, the assets and liabilities and Securities Financing Transactions (if any) of the Company, a Shareholder's name, address, date of birth, tax residence, taxpayer identification number (if any), social security number (if any) and certain information relating to the Shareholder's holdings of Shares, account balance/value, and income or sale or redemption proceeds, to enable the Company, the Administrator, the Custodian, the Manager or other service providers to the Company to comply with any applicable law (including any law, rule and requirement relating to AEOI), regulation or any agreement with a tax authority (including, but not limited to, any agreement entered into pursuant to FATCA, or any similar or successor legislation).

### **Personal data**

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong, "PDPO"), the Company, the Administrator, the Custodian, the Manager or any of their respective delegates (each a "Data User") may collect, hold and use personal data of individual investors in the Company only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

### **Material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or by the Manager and are, or may be, material:

- (a) the Management Agreement dated 18 December 2023 (as amended from time to time) between the Company and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Directors, to manage the investments and affairs of the Company and the Sub-Funds, with powers of delegation;
- (b) the Custody Agreement dated 18 December 2023 (as amended from time to time) between the Company and the Custodian, pursuant to which the Custodian of CMB International USD Money Market Fund was appointed to act as the custodian of the Company and the Sub-Fund; and
- (c) the Administration Agreement dated 18 December 2023 (as amended from time to time) between the Company and the Administrator, pursuant to which the Administrator of CMB International USD Money Market Fund was appointed to act as the administrator of the Company and the Sub-Fund.

### **Documents available for inspection**

Copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee:

- (a) the Instrument of Incorporation;
- (b) the Management Agreement;
- (c) the Custody Agreement(s);
- (d) the Administration Agreement(s); and
- (e) the latest audited annual financial reports and unaudited semi-annual financial reports (if any) of the Company and the Sub-Funds.

### **Shareholder notice**

Notice required to be given to Shareholders under this Prospectus or the Instrument of Incorporation may be disseminated either in printed copies or by electronic means specified by the Manager (e.g. e-mail, posting on website with e-mail notification at the option of the relevant Shareholder as indicated in its Application Form (the “**default means**”).

Shareholders may contact the Manager in writing to change the default means and such change will become effective within 7 Business Days upon receipt of the request by the Manager. Please note that the Manager reserves the right to charge a reasonable fee for any requests for the provision of additional copies of documents, being any requests for documents in addition to those already provided to Shareholders by default means.

Shareholders who have chosen to receive notices and documents by electronic means are reminded to save or print a copy of the relevant notice or document for future reference if necessary.

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## SCHEDULE 1 - INVESTMENT RESTRICTIONS

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In this Schedule 1:

<b>“Government and other Public Securities”</b>	means any investment issued by, or the payment of principal and interest on which is guaranteed by, a government or any fixed-interest investment issued by its public or local authorities or other multilateral agencies
<b>“Qualified Exchange Traded Funds”</b>	means exchange traded funds that are: <ul style="list-style-type: none"><li>(a) authorized by the SFC under 8.6 or 8.10 of the UT Code; or</li><li>(b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and either (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the UT Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the UT Code</li></ul>
<b>“REITs”</b>	means real estate investment trusts
<b>“substantial financial institution”</b>	means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK\$2 billion or its equivalent in foreign currency, as amended by the UT Code from time to time

### **1. Investment limitations applicable to each Sub-Fund**

No holding of any security may be acquired for or added to a Sub-Fund which would result in and no cash deposits may be made which would result in:

- (a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other Public Securities) through the following exceeding 10% of the latest available Net Asset Value of the relevant Sub-Fund:
  - (i) investments in securities issued by that entity;
  - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
  - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in subparagraphs 1(a), 1(b) and 4.4(c) of this Schedule 1 will not apply to financial derivative instruments that are:

- (A) transacted on an exchange where the clearing house performs a central counterparty role; and
- (B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

- (b) subject to sub-paragraphs 1(a) and 4.4(c) of this Schedule 1, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:
  - (i) investments in securities issued by those entities;
  - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
  - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule 1, "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

- (c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:
  - (i) cash held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or
  - (ii) cash proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or
  - (iii) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions would be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purposes of this sub-paragraph 1(c), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

- (d) the Sub-Fund's holding of any ordinary shares (and also when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.
- (e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market, exceeding 15% of the latest available Net Asset Value of such Sub-Fund.
- (f) notwithstanding sub-paragraphs 1(a), (b) and (d) of this Schedule 1, the value of the Sub-Fund's total holding of Government and other Public Securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund (subject to this

sub-paragraph, the Sub-Fund may invest all of its assets in Government and other Public Securities in at least six different issues). For the avoidance of doubt, Government and other Public Securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

- (g) (i) the value of the Sub-Fund's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the SFC from time to time) and not authorized by the SFC in aggregate exceeding 10% of its latest available Net Asset Value; and

(ii) the value of the Sub-Fund's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of "eligible schemes" is as specified by the SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its latest available Net Asset Value unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in the offering document of that Sub-Fund,

provided that:

- (A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the UT Code;
- (B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the UT Code, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the UT Code (except for hedge funds under 8.7 of the UT Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;
- (C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);
- (D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and
- (E) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

- (aa) unless otherwise provided under the UT Code, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule 1 do not apply to investments in other collective investment schemes by a Sub-Fund;
- (bb) unless otherwise disclosed in the Appendix of a Sub-Fund, the investment by a Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of this Schedule 1. Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject

to sub-paragraph 1(e) of this Schedule 1 and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

- (cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule 1 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule 1 apply respectively; and
- (dd) where a Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Schedule 1 provided that the index is in compliance with the requirements under 8.6(e) of the UT Code.

## **2. Investment prohibitions applicable to each Sub-Fund**

The Company shall not, unless otherwise specifically provided for in the UT Code, on behalf of any Sub-Fund:

- (a) invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;
- (b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);
- (c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a Securities Market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;
- (d) carry out any naked or uncovered short sale of securities;
- (e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, Reverse Repurchase Transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not subject to the limitations in this sub-paragraph 2(e);
- (f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Shareholders of a Sub-Fund is limited to their investments in that Sub-Fund;
- (g) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued securities of that class; and
- (h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in

financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Schedule 1.

**3. Feeder Funds**

A Sub-Fund which is a feeder fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme ("**underlying scheme**") in accordance with the following provisions:

- (a) such underlying scheme ("**master fund**") must be authorized by the SFC;
- (b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Company or any of its Connected Persons borne by the Shareholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Company or by a Connected Person of the Company;
- (c) notwithstanding proviso (C) to sub-paragraph 1(g) of this Schedule 1, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Schedule 1.

**4. Use of financial derivative instruments**

4.1 A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 4.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

- (a) they are not aimed at generating any investment return;
- (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;
- (c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
- (d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

4.2 A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the UT Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 4.1 of this Schedule 1 will not be counted towards the 50% limit referred to in this sub-paragraph 4.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in

accordance with the UT Code and the requirements and guidance issued by the SFC which may be updated from time to time.

- 4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Schedule 1, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) and (cc) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1.
- 4.4 The financial derivative instruments invested by a Sub-Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and comply with the following provisions:
- (a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;
  - (b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;
  - (c) subject to sub-paragraphs 1(a) and (b) of this Schedule 1, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and
  - (d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Administrator, the Manager or the Custodian of the relevant Sub-Fund or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party services or other measures as may be established from time to time by the Manager after consultation with the Custodian of the relevant Sub-Fund. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, the Administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.
- 4.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall



be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

4.6 Subject to sub-paragraph 4.5 of this Schedule 1, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

- (a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
- (b) in the case of financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

4.7 The requirements under sub-paragraphs 4.1 to 4.6 of this Schedule 1 shall apply to embedded financial derivative. For the purposes of this Prospectus, an **"embedded financial derivative"** is a financial derivative instrument that is embedded in another security.

## **5. Securities Financing Transactions**

5.1 A Sub-Fund may engage in Securities Financing Transactions, provided that they are in the best interests of Shareholders of such Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the Securities Financing Transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

5.2 A Sub-Fund shall have at least 100% collateralization in respect of the Securities Financing Transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

5.3 All the revenues arising from Securities Financing Transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the Securities Financing Transactions shall be returned to the Sub-Fund.

5.4 A Sub-Fund shall only enter into a Securities Financing Transaction if the terms of such Securities Financing Transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the Securities Financing Transaction or terminate the Securities Financing Transaction(s) into which it has entered.

## **6. Collateral**

In order to limit the exposure to each counterparty as set out in sub-paragraphs 4.4(c) and 5.2 of this Schedule 1, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

- (a) Liquidity – the collateral is sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;
- (b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;
- (c) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;
- (d) Haircut – the collateral is subject to a prudent haircut policy;
- (e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1;
- (f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of Securities Financing Transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of Securities Financing Transactions or any of their related entities should not be used as collateral;
- (g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;
- (h) Independent custody – the collateral is held by the Custodian or by duly appointed nominee, agent or delegate;
- (i) Enforceability – the collateral is readily accessible or enforceable by the Custodian without further recourse to the issuer of the financial derivative instruments, or the counterparty of the Securities Financing Transactions;
- (j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:
  - (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the UT Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;
  - (ii) non-cash collateral received may not be sold, re-invested or pledged;

- (iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in sub-paragraphs 7(b) and 7(j) of this Schedule 1;
- (iv) cash collateral received is not allowed to be further engaged in any Securities Financing Transactions;
- (v) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any Securities Financing Transactions;
- (k) the collateral is free of prior encumbrances; and
- (l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the relevant Sub-Funds (if applicable) are disclosed in the relevant Appendix.

## 7. **Money Market Funds**

In the exercise of its investment powers in relation to a Sub-Fund which is a money market fund (“**Money Market Fund**”) authorised by the SFC under 8.2 of the UT Code, the Manager shall ensure that the core requirements as set out in paragraphs 1, 2, 4, 5, 6, 9, 10.1 and 10.2 of this Schedule 1 shall apply with the following modifications, exemptions or additional requirements:

- (a) subject to the provisions set out below, a Money Market Fund may only invest in short-term deposits and high quality money market instruments (i.e. securities normally dealt in on the money markets including government bills, certificates of deposit, commercial papers, short-term notes, bankers’ acceptances, asset-backed securities such as asset-backed commercial papers), and money market funds that are authorised by the SFC under Chapter 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC;
- (b) a Money Market Fund shall maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days (or 2 years in the case of Government and other Public Securities). For the purposes herein;
  - (i) “**weighted average maturity**” is a measure of the average length of time to maturity of all the underlying securities in a Money Market Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Money Market Fund to changing money market interest rates; and
  - (ii) “**weighted average life**” is the weighted average of the remaining life of each security held in a Money Market Fund; and is used to measure the credit risk, as well as the liquidity risk,

provided that the use of interest rate resets in variable-notes or variable-rate notes generally should not be permitted to shorten the maturity of a security for the

purpose of calculating weighted average life, but may be permitted for the purpose of calculating weighted average maturity;

- (c) notwithstanding sub-paragraphs 1(a) and 1(c) of this Schedule 1, the aggregate value of a Money Market Fund's holding of instruments issued by a single entity, together with any deposits held with that same issuer may not exceed 10% of the latest available Net Asset Value of such Money Market Fund except:-
  - (i) the value of a Money Market Fund's holding of instruments and deposits issued by a single entity may be increased to 25% of the latest available Net Asset Value of such Money Market Fund if the entity is a substantial financial institution, provided that the total value of such holding does not exceed 10% of the entity's share capital and non-distributable capital reserves; or
  - (ii) up to 30% of a Money Market Fund's latest available Net Asset Value may be invested in Government and other Public Securities of the same issue; or
  - (iii) in respect of any deposit of less than US\$1,000,000 or its equivalent in the Base Currency of the relevant Money Market Fund where such Money Market Fund cannot otherwise diversify as a result of its size;
- (d) notwithstanding sub-paragraphs 1(b) and 1(c) of this Schedule 1, the aggregate value of a Money Market Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its latest available Net Asset Value provided that:
  - (i) the aforesaid limit will not apply in respect of cash deposit of less than US\$ 1,000,000 or its equivalent in the Base Currency of such Money Market Fund, where it cannot otherwise diversify as a result of its size;
  - (ii) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;
- (e) the value of a Money Market Fund's holding of money market funds that are authorised under Chapter 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC may not in aggregate exceed 10% of its latest available Net Asset Value;
- (f) the value of a Money Market Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its latest available Net Asset Value;
- (g) subject to paragraphs 5 and 6 of this Schedule 1, a Money Market Fund may engage in Sale and Repurchase Transactions, and Reverse Repurchase Transactions in compliance with the following additional requirements:
  - (i) the amount of cash received by the Money Market Fund under Sale and Repurchase Transactions may not in aggregate exceed 10% of its latest available Net Asset Value;
  - (ii) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the latest available Net Asset Value of the Money Market Fund;

- (iii) collateral received may only be cash, high quality money market instruments and may also include, in the case of Reverse Repurchase Transactions, government securities receiving a favourable assessment on credit quality; and
- (iv) the holding of collateral, together with other investments of the Money Market Fund, must not contravene the investment limitations and requirements set out in the other provisions of this paragraph 7 of this Schedule 1;
- (h) a Money Market Fund may use financial derivative instruments for hedging purposes only;
- (i) the currency risk of an Money Market Fund should be appropriately managed and any material currency risk that arises from investments of the Money Market Fund that are not denominated in its Base Currency shall be appropriately hedged;
- (j) a Money Market Fund must hold at least 7.5% of its latest available Net Asset Value in daily liquid assets and at least 15% of its latest available Net Asset Value in weekly liquid assets. For the purposes herein:
  - (i) daily liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within one Business Day; and (iii) amount receivable and due unconditionally within one Business Day on pending sales of portfolio securities; and
  - (ii) weekly liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within 5 Business Days; and (iii) amount receivable and due unconditionally within 5 Business Days on pending sales of portfolio securities.

In addition, it is expected that periodic stress testing to be carried out by the Manager in monitoring the Money Market Fund's liquidity.

## **8. Index Funds**

- 8.1 In the exercise of its investment powers in relation to a Sub-Fund the principal objective of which is to track, replicate or correspond to a financial index or benchmark ("**Underlying Index**"), with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Underlying Index ("**Index Fund**"), the Manager shall ensure that the core requirements in paragraphs 1, 2, 4, 5, 6, 9.1, 10.1 and 10.3 of this Schedule 1 shall apply with the modifications or exceptions as set out in sub-paragraphs 8.2 to 8.4 below.
- 8.2 Notwithstanding sub-paragraph 1(a) of this Schedule 1, more than 10% of the latest available Net Asset Value of an Index Fund may be invested in constituent securities issued by a single entity provided that:
  - (a) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Underlying Index; and
  - (b) the Index Fund's holding of any such constituent securities may not exceed their respective weightings in the Underlying Index, except where weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature.

8.3 Investment restrictions in sub-paragraphs 8.2(a) and (b) of this Schedule 1 do not apply if:

- (a) an Index Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of such Underlying Index;
- (b) the strategy is clearly disclosed in the relevant Appendix of the Index Fund;
- (c) the excess of the weightings of the constituent securities held by the Index Fund over the weightings in the Underlying Index is caused by the implementation of the representative sampling strategy;
- (d) any excess weightings of the Index Fund's holdings over the weightings in the Underlying Index must be subject to a maximum limit reasonably determined by the Index Fund after consultation with the SFC. In determining this limit, the Index Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Underlying Index and any other suitable factors;
- (e) limits laid down for the Index Fund pursuant to sub-paragraph 8.3(d) must be disclosed in the relevant Appendix of the Index Fund; and
- (f) disclosure must be made in the Index Fund's annual and semi-annual financial reports as to whether the limits imposed for the Index Fund itself pursuant to sub-paragraph 8.3(d) of this Schedule 1 have been complied with in full.

8.4 Subject to approval of the SFC, the investment restrictions in sub-paragraphs 1(b) and (c) of this Schedule 1 may be modified and the 30% limit in sub-paragraph 1(f) of this Schedule 1 may be exceeded, and an Index Fund may invest all of its assets in Government and other Public Securities in any number of different issues despite sub-paragraph 1(f) of this Schedule 1.

## **9. Borrowing and Leverage**

The expected maximum level of leverage of each Sub-Fund is as follows:

### **Cash borrowing**

9.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing for this purpose. For the avoidance of doubt, Securities Lending Transactions and Sale and Repurchase Transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 9.1.

9.2 Notwithstanding sub-paragraph 9.1 of this Schedule 1, a Money Market Fund may borrow only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

### **Leverage from the use of financial derivative instruments**

9.3 A Sub-Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative

instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

9.4 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Sub-Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the SFC which may be updated from time to time.

9.5 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

**10. Name of Sub-Fund**

10.1 If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

10.2 The name of a Money Market Fund must not appear to draw a parallel between the Money Market Fund and the placement of cash on deposit.

10.3 The name of an Index Fund must reflect the nature of an index fund.

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## **SCHEDULE 2 – SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS**

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The summary of policy of Securities Financing Transactions set out in this Schedule 2 is only applicable to a Sub-Fund which may engage in Securities Financing Transactions.

Securities Financing Transactions may only be effected in accordance with normal market practice and provided that they are in the best interest of Shareholders of the relevant Sub-Fund to do so and the associated risks have been properly mitigated and addressed.

### ***Securities Financing Transactions***

Under a Securities Lending Transaction, a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee subject to a commitment from that counterparty that it will return equivalent securities on a specified future date or when requested to do so by the relevant Sub-Fund. A Sub-Fund is expected to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial rights.

Under a Sale and Repurchase Transaction, a Sub-Fund sells its securities to a counterparty of Reverse Repurchase Transactions subject to an agreement to repurchase the securities at an agreed price with a financing cost on a specified future date. Where a Sub-Fund enters into a Sale and Repurchase Transaction under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Under a Reverse Repurchase Transaction, a Sub-Fund purchases securities from a counterparty of Sale and Repurchase Transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

A Sub-Fund must have the right to terminate the Securities Financing Transactions at any time and demand the return of all of the securities loaned or the full amount of cash (as the case may be).

### ***Revenue and expenses***

All revenues arising from Securities Financing Transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the Securities Financing Transactions, shall be returned to the relevant Sub-Fund. Such direct and indirect expenses shall include fees and expenses payable to securities lending agents engaged for the relevant Sub-Fund from time to time. Such fees and expenses of any securities lending agents engaged for the relevant Sub-Fund, will be at normal commercial rates and will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged.

Information on the revenues generated under such transactions shall be disclosed in the annual and semi-annual reports of the relevant Sub-Fund, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager, the Investment Delegate or any other their Connected Persons.

### ***Eligible counterparties***

Please refer to Schedule 3 for further details.

### ***Collateral***

A Sub-Fund must have at least 100% collateralization in respect of the Securities Financing Transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.



Please refer to Schedule 3 for further details.

***Maximum and expected level of Securities Financing Transactions***

The maximum and expected level of a Sub-Fund's assets available for Securities Financing Transactions are set out in the Appendix of the relevant Sub-Fund.

***Types of assets that may be subject to Securities Financing Transactions***

The types of assets that may be subject to Securities Financing Transactions include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to a Sub-Fund's investment objective and policy.

***Connected person(s) arrangement***

The Manager currently does not intend to carry out any Securities Financing Transactions with or through a Connected Person of the Manager or the Custodian of the relevant Sub-Fund. Details (such as information on income, direct and indirect costs, fees, entities to which such costs and fees are paid and the relationship of the entities with the Manager or the Custodian of the relevant Sub-Fund (if any)) of the Securities Financing Transactions will be disclosed in the relevant Sub-Fund's annual reports.

***Safekeeping arrangement***

*Assets received*

Assets (including any collateral) received by a Sub-Fund under a title-transfer arrangement should be held by the Custodian of the relevant Sub-Fund or any agents, nominees, sub-custodians and sub-delegates appointed by the Custodian of the relevant Sub-Fund (each a **"Correspondent"**).

*Assets provided*

Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be held by the Custodian of the relevant Sub-Fund or a Correspondent (which may include the counterparty to the relevant Securities Financing Transaction). Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Custodian of the relevant Sub-Fund or a Correspondent and such Counterparty may use the assets at its absolute discretion.

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### **SCHEDULE 3 – COLLATERAL VALUATION AND MANAGEMENT POLICY**

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The Manager employs a collateral management policy in relation to collateral received in respect of Securities Financing Transactions and OTC financial derivative transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to a Securities Financing Transaction or OTC derivative transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Schedule 1.

#### ***Nature and quality of the collateral***

A Sub-Fund may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash and cash equivalents. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

#### ***Criteria for selecting counterparties***

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of Securities Financing Transactions and OTC derivative transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of Securities Financing Transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties of OTC derivative transactions will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

Each counterparty will be an independent counterparty approved by the Manager and is expected to have a minimum credit rating of A- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies), or be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority when entering into such transactions.

#### ***Valuation of collateral***

The collateral received is valued daily by independent pricing source on a mark-to-market basis.

#### ***Enforceability of collateral***

Collateral must be readily accessible/enforceable by the Sub-Fund without further recourse to the counterparty and will not be available for secondary recourse.

#### ***Haircut policy***

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut arrangement policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used as collateral in order to cover

potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

#### ***Diversification and correlation of collateral***

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

#### ***Cash collateral reinvestment policy***

A Sub-Fund shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Schedule 1, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Up to 100% of the cash collateral received by a Sub-Fund may be reinvested.

#### ***Safekeeping of collateral***

Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction or an OTC derivative transaction) should be held by the Custodian of the relevant Sub-Fund or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings of each Sub-Fund will be disclosed in its annual and semi-annual financial reports as required under Appendix E of the UT Code.

Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Custodian of the relevant Sub-Fund or a Correspondent.

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## APPENDIX 1 – CMB International USD Money Market Fund

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*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the CMB International USD Money Market Fund (“**Sub-Fund**”), a sub-fund of the Company.*

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### PRINCIPAL TERMS

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#### DEFINITIONS

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Prospectus.

<b>“Amortisation Period”</b>	the first 5 Accounting Periods from the date of launch of the Sub-Fund or such other period as the Manager after consultation with the Auditors shall determine
<b>“Base Currency”</b>	USD
<b>“Class”</b>	Class A (Accumulation) Class C (Accumulation) Class I (Accumulation) Class M (Accumulation) Class R (Accumulation)
<b>“Custodian”</b>	CMB Wing Lung (Trustee) Limited
<b>“Dealing Day”</b>	each Business Day
<b>“Dealing Deadline”</b>	11:00 a.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a redemption or conversion request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
<b>“Initial Offer Period”</b>	the period commencing 9.00 a.m. (Hong Kong time) on 29 January 2024 to 4.00 p.m. (Hong Kong time) on 1 February 2024 (or such other dates as the Manager may determine)
<b>“Payment Period”</b>	no later than the Dealing Deadline of the relevant Dealing Day on which a subscription is made and the relevant Shares are issued
<b>“Sub-Fund”</b>	CMB International USD Money Market Fund
<b>“Valuation Day”</b>	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares
<b>“Valuation Point”</b>	the close of business in the last relevant market to close on the relevant Valuation Day, or such other time on each Valuation Day or such other

Business Day as the Directors may determine from time to time with the approval of the Custodian

## INVESTMENT CONSIDERATIONS

**Investment objective** The Sub-Fund's objective is to invest in short term deposits and high-quality money market investments. The Sub-Fund seeks to achieve a return in USD in line with prevailing money market rate. There can be no assurance that the Sub-Fund will achieve its investment objective.

**Investment policies** The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e., not less than 70% of its Net Asset Value) in USD-denominated short-term deposits and high-quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations. The Sub-Fund may invest up to 30% of its Net Asset Value in non-USD-denominated short-term deposits and high-quality money market instruments. The Manager will hedge non-USD-denominated investments into USD in order to manage any material currency risk.

### Short-term Deposits and High-Quality Money Market Instruments

There is no specific geographical allocation of the country of issue of the high-quality money market instruments or short-term deposits. Countries or regions in which the Sub-Fund may invest in include the United States, Singapore, the European Union and Greater China (comprising Mainland China, Hong Kong, Macau and Taiwan). The Sub-Fund may invest in aggregate up to 100% of its Net Asset Value in Greater China. The Sub-Fund will invest less than 20% of its Net Asset Value in emerging markets other than Mainland China.

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account. High quality money market instruments include fixed income securities, commercial papers, and certificates of deposits, short-term notes and commercial bills. The Sub-Fund may invest up to 100% of its Net Asset Value in fixed income securities, which may include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in fixed income securities rated investment grade or above. For the purposes of the Sub-Fund, investment grade is defined as below based on the original maturity of a fixed income security:

- A long-term fixed income security which (or the issuer of which) is rated BBB- / Baa3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's) or rated AA+ or above by a Mainland China credit rating agency. For split credit ratings, the highest rating shall apply. For the avoidance of doubt, the Sub-Fund does not intend to invest in fixed income securities with a long term to maturity remaining at the time of investment. The long-term credit ratings will be considered where the Sub-Fund invests in fixed income securities which have been rated long-term credit ratings, but have a shorter term to maturity remaining (subject to the restrictions on remaining maturity, weighted average maturity and weighted average life of the portfolio

of the Sub-Fund as set out below) at the time of purchase by the Sub-Fund; and

- A short-term fixed income security which (or the issuer of which) is rated F3 / P-3 / A-3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's) or rated A-1 or above by a Mainland China credit rating agency. For split credit ratings, the highest rating shall apply.

In assessing the credit quality of debt securities, if the relevant debt security does not itself have a credit rating, then reference will be made to the credit rating of the issuer of such debt security. The Manager will consider the credit rating of the banking group to which the issuing bank belongs to if the issuer is not rated. If neither the debt security nor the issuer and the banking group to which the issuing bank is rated, it will be classified as unrated.

For investment grade (either the security or its issuer) fixed income securities, the Manager will assess the credit risks of the fixed income security on an ongoing basis based on quantitative and qualitative fundamentals, including but not limited to the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, the firm's competitive position and corporate governance, etc. to ensure that the fixed income security that the Sub-Fund invests in is of sound credit quality.

The Manager will assess the liquidity profile of instruments based on, amongst other factors, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund may invest in aggregate no more than 15% of its Net Asset Value in onshore China fixed income securities, such as government bonds, policy bank bonds, negotiable certificates of deposits, through all available means, including but not limited to, the QFI Regime, Bond Connect, the CIBM Direct Access, or such other means as permitted by the relevant regulatory authorities from time to time (as defined in the Prospectus).

The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features.

#### Weighted Average Maturity with Weighted Average Life

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other Public Securities (as defined in the Prospectus), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

Subject to the above, the aggregate value of the Sub-Fund's investment in entities within the same group through instruments and deposits will not exceed 20% of its Net Asset Value.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities.

#### Other Investments

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its Net Asset Value in asset backed securities, such as mortgage-backed securities. Such asset backed securities will be issued in regions such as Mainland China, Hong Kong, Singapore or the United States, and will be rated investment grade or above.

#### **Investment and borrowing restrictions**

The Sub-Fund may borrow up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

The Sub-Fund is a Money Market Fund and is subject to the investment and borrowing restrictions applicable to a Money Market Fund as set out in Schedule 1 to the Prospectus.

#### **Use of derivatives**

The Sub-Fund may use financial derivative instruments (including interest rate swaps and currency swaps) for hedging purposes only. The currency risk of the Sub-Fund will be appropriately managed. In particular, any material currency risk will be appropriately hedged where the Sub-Fund invests in assets that are not denominated in USD.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.

#### **Securities Financing Transactions and Repurchase / Reverse Repurchase Transactions**

The Sub-Fund may enter into Sale and Repurchase Transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The amount of cash received by the Sub-Fund under such transactions may not in aggregate exceed 10% of its Net Asset Value.

The Sub-Fund may engage in Reverse Repurchase Transactions (i.e., a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at a pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

Currently, the Sub-Fund does not intend to engage in securities lending transactions.

## SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the “**Risk Factors**” section in the Prospectus.

Amongst those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risk of not achieving investment objective
- Investment risk
- Market risk
- Fixed income securities investment risk (including money market instruments)
- Credit rating agency risk
- Risks associated with bank deposits
- Borrowing risks
- Emerging markets risk
- China market risks
- Renminbi currency and conversion risks
- Mainland China tax risk
- Risks relating to CIBM Direct Access
- Risk relating to Bond Connect
- Risks associated with investments made through QFI regime
- Eurozone risk
- Sovereign debt risks
- Concentration risk
- Settlement risk
- Counterparty risk
- Currency and foreign exchange risk
- Derivative and structured product risk
- Hedging risk
- Currency hedging risk

## INVESTING IN THE SUB-FUND AND REDEMPTION OF SHARES

Classes	Class A Shares	Class C Shares	Class I Shares
<b>Initial Offer Price</b>	USD 10	USD 10	USD 10
<b>Minimum Initial Subscription Amount</b>	USD 1,000	USD 1,000	USD 100,000
<b>Minimum Subsequent Subscription Amount</b>	USD 100	USD 100	USD 10,000
<b>Minimum Redemption Amount</b>	USD 100	USD 100	USD 10,000



<b>Minimum Holding Amount</b>	USD 100	USD 100	USD 10,000
<b>Classes</b>	<b>Class M Shares</b>	<b>Class R Shares</b>	
<b>Initial Offer Price</b>	USD 10	USD 10	
<b>Minimum Initial Subscription Amount</b>	USD 1,000	USD 1	
<b>Minimum Subsequent Subscription Amount</b>	USD 100	USD 1	
<b>Minimum Redemption Amount</b>	USD 100	USD 1	
<b>Minimum Holding Amount</b>	USD 100	USD 1	

**Additional Restrictions on N/A  
Redemption of Shares**

## CONVERSION

Shareholders shall be entitled to convert all or part of their Shares of a Class of the Sub-Fund into Shares of another Class in the Sub-Fund or into Shares of another sub-fund of the Company available for subscription or conversion. Where converting to another sub-fund of the Company, Shares of a Class can only be converted into Shares of the same Class of that other sub-fund.

## DISTRIBUTION POLICY

### ***Accumulation Classes***

No distribution is intended to be made. Therefore, any net income and net realised capital gains attributable to Shares of such Accumulation Class(es) will be reflected in their respective Net Asset Value.

Please refer to the section headed “***Distribution policy***” in the main part of the Prospectus for further details.

## CUSTODIAN, ADMINISTRATOR AND REGISTRAR OF THE SUB-FUND

### **Custodian of the Sub-Fund**

The Custodian of the Sub-Fund is CMB Wing Lung (Trustee) Limited.

The Custodian is responsible for the safekeeping of the assets of the Company and the Sub-Fund, subject to the provisions of the Instrument of Incorporation, the Custody Agreement and all applicable laws and regulations including the SFO. The Custodian may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to be agents, nominees, sub-custodians, and any sub-delegates to hold certain assets of the Company or the Sub-Fund and may empower any such person or persons to further appoint co-custodians and/or sub-custodians, (i) with the prior consent in writing of the Custodian of the relevant Sub-Fund; (ii) with the agreement of the Custodian of the relevant Sub-Fund in writing; or (iii) with no objection in writing by the

Custodian of the relevant Sub-Fund. The Custodian may also appoint delegates for the performance of its duties, powers or discretions under the Custody Agreement.

The Custodian is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring and periodic review of such persons and, (b) be satisfied that such persons retained remain suitably qualified and competent to provide the relevant services to the Sub-Fund(s). The Custodian shall remain liable for any acts and omissions of its agents, nominees, sub-custodians and any sub-delegates in relation to assets forming part of the property of the Company and the relevant Sub-Fund.

The Custodian shall take reasonable care to ensure that the investment and borrowing limitations set out under Schedule 1 to this Prospectus and any specific investment and borrowing limitations as set out in the relevant Appendix as they relate to a Sub-Fund and the conditions under which such Sub-Fund is authorised pursuant to the SFO are complied with in respect of the relevant Sub-Fund(s) for which it is appointed.

The Custodian will be entitled to the fees described in the section headed “Fees and Expenses” below and in the relevant Appendix, and to be reimbursed for all costs and expenses in accordance with the provisions of the Custody Agreement.

### **Removal and Retirement of the Custodian of the Sub-Fund**

The Custody Agreement provides, inter alia, that the agreement may be terminated at any time by either party upon not less than 3 months’ prior written notice.

The Custodian may retire as custodian of the Company and the Sub-Fund and terminate the Custody Agreement by giving the Company 3 months’ prior written notice together with, where applicable, a statement in accordance with all applicable laws and regulations.

The Custodian may retire as custodian of the Company and the relevant Sub-Fund and terminate the Custody Agreement in accordance with the circumstances set out in the Custody Agreement.

The Custodian shall retire as Custodian of the Company and the relevant Sub-Fund and the Custodian Agreement shall terminate when it ceases to be eligible to be a custodian of the Company and the relevant Sub-Fund or is prohibited from acting as custodian of the Company and the relevant Sub-Fund under the applicable regulatory requirements or when the SFC withdraws its approval of the Custodian.

The Custodian may not retire as custodian of the Company and the Sub-Fund except upon the appointment of a replacement custodian. Any retirement of the Custodian as the Custodian of the Company and the relevant Sub-Fund shall take effect at the same time as the replacement custodian takes up office.

The Company may remove the Custodian as Custodian of the Company and the relevant Sub-Fund and may terminate the Custody Agreement by giving not less than 3 months’ prior written notice to the Custodian.

The Company must remove the Custodian as Custodian of the Company and the relevant Sub-Fund and terminate the Custody Agreement by written notice taking immediate effect if:

- (a) the Custodian goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation), becomes bankrupt, has a receiver appointed over its assets;
- (b) for good and sufficient reason, the Directors state in writing that a change in the Custodian is desirable in the interests of the Shareholders.

In the event that the Custodian shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act

as a custodian of the Company and the relevant Sub-Fund and any change in Custodian is subject to the SFC's approval and the Custodian will remain as the Custodian of the Sub-Fund until a new custodian is appointed. Shareholders will be notified of such changes in accordance with the requirements prescribed by the SFC.

### **Administrator and Registrar of the Sub-Fund**

The Company has also appointed CMB Wing Lung (Trustee) Limited as the Administrator and Registrar of the Sub-Fund.

The Administrator is responsible for certain financial, administrative and other services in relation to the Company and each Sub-Fund ("**Administrative Services**"), including:

- (a) as delegated to it by the Manager, determining the Net Asset Value and the Net Asset Value per Share;
- (b) assisting in preparing the financial statements of the Company and the Sub-Fund(s); and
- (c) preparing and maintaining the Company and the Sub-Fund(s)' financial and accounting records and statements.

The Administrator will have the right, without prior notice to or consent of the Manager, to employ any agents, sub-contractors, including its affiliates but excluding any clearance or settlement systems ("**Delegates**") to provide or assist it in the provision of all or any part of the Administrative Services, other than Administrative Services required by applicable law and regulations to be provided by the Administrator itself. The Administrator has no liability for the acts, omissions, defaults or insolvency of any Delegates or clearance system not directly resulting from the gross negligence, wilful misconduct or fraud of the Administrator. The Administrator will unless otherwise agreed be solely responsible for the compensation of its Delegates.

The Company will indemnify the Administrator and will keep the Administrator indemnified fully and effectively against all losses incurred by the Administrator in connection with the proper performance by the Administrator of its obligations under the Administration Agreement, except for any reasonable loss directly resulting from the Administrator's gross negligence, wilful misconduct or fraud. The Administrator will not be responsible for any loss, liability or damage suffered by the Company and/or a Sub-Fund as a result of any act or failure to act by the Administrator unless the loss, liability or damage directly results from the Administrator's breach of the Administration Agreement because of its gross negligence, wilful misconduct or fraud.

The Administrator will be entitled to the fees described in the section headed "Fees and Expenses" in the Prospectus and in this Appendix, and to be reimbursed for all costs and expenses in accordance with the provisions of the Administration Agreement.

## **FEES AND EXPENSES**

### **Fees payable by investors:**

<b>Class</b>	<b>Class A, Class C and Class I</b>	<b>Class R</b>	<b>Class M</b>
<b>Subscription Charge<sup>#</sup></b> (% of the total subscription amount)	Up to 1%	Up to 0.6%	Nil
<b>Switching Fee<sup>#</sup></b> (% of the total Redemption amount converted)	Up to 1%*	Up to 1%*	Nil

**Redemption Charge<sup>#</sup>**  
(% of the total Redemption amount)

Nil

\* The switching fee will be deducted from the redemption proceeds and retained by the Manager. This is payable in addition to the applicable redemption fee (if any).

<sup>#</sup> Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing adjustment) when subscribing, redeeming or converting shares of the Sub-Fund. For details, please refer to the “Adjustment of prices” sub-section under the section headed “VALUATION AND SUSPENSION”.

**Fees and expenses payable from assets of the Sub-Fund:**

	<b>Current</b>	<b>Maximum</b>
	<b>Class A:</b> 0.15%	<b>Class A:</b> 0.20%
	<b>Class C:</b> 0.35%	<b>Class C:</b> 0.40%
<b>Management Fee</b> (% of the Net Asset Value of the relevant Class per annum)	<b>Class I:</b> 0.05%	<b>Class I:</b> 0.10%
	<b>Class R:</b> 0.60%	<b>Class R:</b> 1.00%
	<b>Class M:</b> Nil	<b>Class M:</b> Nil

<b>Custodian Fee</b> (% of the Net Asset Value of the relevant Class per annum)	Up to 0.01%, subject to a minimum monthly fee of USD2,500 in respect of the aggregate of Custodian Fee and Administrator Fee after first 6 months from the launch of the Sub-Fund	0.10%
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<b>Performance Fee</b>	Nil	Nil
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<b>Administrator Fee</b> (% of the Net Asset Value of the relevant Class per annum)	Up to 0.04%, subject to a minimum monthly fee of USD2,500 in respect of the aggregate of Custodian Fee and Administrator Fee after 6 months from the launch of the Sub-Fund	0.15%
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<b>Establishment costs</b>	The establishment costs of the Company and the Sub-Fund are approximately USD100,000 (the “ <b>Establishment Costs</b> ”) and will be borne by the Sub-Fund. The Establishment costs will be amortised over the Amortisation Period.	
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In 2021, the Hong Kong government established the Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts (the “Grant Scheme”) to subsidise the setting up of open-ended fund companies. The Manager will apply to the SFC for a grant under the Grant Scheme on behalf of the Company. If the application for the grant is successful, and the Company will receive a grant equivalent to 70% of the Establishment Costs subject to the terms of the Grant Scheme (e.g. the eligibility of the expenses, the cap of HKD1 million per open-

ended fund company, clawback of the grant if the Company is terminated within two years from the date of incorporation, etc.).

**General expenses**

Please refer to the section headed “**General expenses**” for further details.

**GENERAL INFORMATION**

**Financial reports**

The first Accounting Date of the Sub-Fund would be 31 Dec 2024 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 Jun 2024.