

Information Memorandum for

AmChina Enterprises High Income Fund



The Manager

AmFunds Management Berhad

Registration number: 198601005272 (154432-A)

The Trustee

Deutsche Trustees Malaysia Berhad

Registration number: 200701005591 (763590-H)

 **AmWealth**

Group Wealth Management

This Information Memorandum is dated 9 June 2026

THIS IS A WHOLESALE FUND.

UNITS OF THE FUND ARE OFFERED EXCLUSIVELY TO SOPHISTICATED INVESTORS, AS DEFINED IN THE SECURITIES COMMISSION MALAYSIA'S GUIDELINES ON UNLISTED CAPITAL MARKET PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK AND GUIDELINES ON CATEGORIES OF SOPHISTICATED INVESTORS.

THIS INFORMATION MEMORANDUM IS NOT INTENDED FOR DISTRIBUTION TO RETAIL INVESTORS.

SOPHISTICATED INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY SOPHISTICATED INVESTORS, SEE SECTION 5: RISK FACTORS COMMENCING ON PAGE 40.

RESPONSIBILITY STATEMENTS

This Information Memorandum in relation to AmChina Enterprises High Income Fund dated 9 June 2026 ("Information Memorandum") has been reviewed and approved by the directors of AmFunds Management Berhad and they collectively and individually accept full responsibility for the accuracy of all information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Information Memorandum false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has not authorised or recognised AmChina Enterprises High Income Fund ("Fund") and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.

The lodgement of this Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of AmFunds Management Berhad responsible for the Fund and takes no responsibility for the contents in this Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Information Memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

SOPHISTICATED INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF SOPHISTICATED INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

ADDITIONAL STATEMENTS

Sophisticated Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in the Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Information Memorandum or the conduct of any other person in relation to the Fund.

An investment in the Fund carries with it a degree of risk. The value of units and the income from it, if any, may go down as well as up, and investment in wholesale fund involve risks including the risk of total capital loss and no distribution. Sophisticated

Investors should consider the risk factors set out under the heading Risk Factors in this Information Memorandum.

Statements made in this Information Memorandum are based on the law and practices currently in force in Malaysia and are subject to changes in such law and practices.

Any references to a time or day in this Information Memorandum shall be a reference to that time or day in Malaysia, unless otherwise stated.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of units in the Fund other than those contained in this Information Memorandum or any supplemental document and, if issued, given or made, such advertisement, information or representations must not be relied upon by an Sophisticated Investor. Any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations in this Information Memorandum or any supplemental document will be solely at the risk of the Sophisticated Investor. Sophisticated Investors may wish to consult their independent professional adviser about the suitability of the Fund for their investment needs.

This Information Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Manager has the right to reject any application by a US Person. However, if you are investing through our appointed distributor who operates under a nominee system of ownership, kindly consult the respective distributor accordingly.

THE FUND MAY DECLARE DISTRIBUTION OUT OF CAPITAL. IF THE FUND DECLARE DISTRIBUTION OUT OF CAPITAL, THE CAPITAL OF THE FUND MAY BE ERODED AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

PERSONAL DATA

As part of our day-to-day business, we collect your personal information when you apply to open an account with us, subscribe to any of our products or services or communicate with us. In return, we may use this information to provide you with our products or services, maintain our records or send you relevant information. We may use your personal information which includes information on any transactions conducted with us, for one or more of the following purposes, whether in Malaysia or otherwise:

- (a) assess your eligibility or suitability for our products which you had applied for and to verify your identity or financial standing through credit reference checks;

- (b) to notify you of more and up-to-date information such as improvements and new features to the existing products and services, development of new products, services and promotions which may be of interest to you;
- (c) manage and maintain your account(s) through regular updates, consolidation and improving the accuracy of our records. In this manner we can respond to your enquiries, complaints and to generally resolve disputes quickly so that we can improve our business and your relationship with us;
- (d) conduct research for analytical purposes, data mining and analyse your transactions / use of products and services to better understand your current financial / investment position and future needs. We will also produce data, reports and statistics from time to time, however such information will be aggregated so that your identity will remain confidential;
- (e) comply with the requirements of any law and regulations binding on us such as conducting anti-money laundering checks, crime detection / prevention, prosecution, protection and security;
- (f) enforcement of our rights to recover any debt owing to us including transferring or assigning our rights, interests and obligations under any of your agreement with us;
- (g) in the normal course of general business planning, oversight functions, strategy formulation and decision making within AmBank Group;
- (h) to administer and develop the Manager's and/or the Manager's associated companies within the AmBank Group business relationship with you;
- (i) outsourcing of business and back-room operations within AmBank Group and/or other service providers; and
- (j) any other purpose(s) that is required or permitted by any law, regulations, standards, guidelines and/or relevant regulatory authorities including with the trustee of the Fund.

Sophisticated Investors are advised to read our latest or updated privacy notice provided as required under the Personal Data Protection Act 2010 ("Privacy Notice") which is available on our website at www.aminvest.com. Our Privacy Notice may be revised from time to time and if there is or are any revision(s), it will be posted on our website and/or other means of communication deemed suitable by us. However, any revision(s) will be in compliance with the Personal Data Protection Act 2010.

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1 DEFINITIONS

AFM, the Manager, us, our or we	AmFunds Management Berhad.
AmBank Group	Refers to AMMB Holdings Berhad and all its direct and indirect subsidiaries, including, but not limited to: AmBank (M) Berhad, AmBank Islamic Berhad, AmInvestment Bank Berhad, AmInvestment Group Berhad, AmFunds Management Berhad, AmIslamic Funds Management Sdn. Bhd. and AmCard Services Berhad.
AUD	Australian Dollar.
Auditor	Has the same meaning as defined in the CMSA 2007.
Basket	Means for the purpose of the creation and redemption of Listed Class of units in an application unit size, a portfolio of securities and/or FDIs determined by the Management Company.
Bursa Malaysia	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
Business Day	<p>A day on which Bursa Malaysia and/or commercial banks in Kuala Lumpur are open for business.</p> <p>The Manager may declare certain Business Days to be non-Business Days although Bursa Malaysia and/or commercial banks in Kuala Lumpur are open, if:</p> <ul style="list-style-type: none">(i) the markets in which the Fund is invested in are closed for business; and/or(ii) the management company or investment manager of the Target Fund declares a non-business day and/or non-dealing day. <p>This is to ensure that investors are given a fair valuation of the Fund when making subscriptions or redemptions. This information will be communicated to you via our website at www.aminvest.com. Alternatively, you may contact our Customer Service at (03) 2032 2888.</p>
CCASS	Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.
China A-Shares	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic (Chinese)

	investors, QFIs and through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “Stock Connects”)
China B-Shares	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by domestic (Chinese) investors and foreign investors.
Class(es)	<p>Any number of class(es) of units representing similar interests in the assets of the Fund and “Class” means any one class of units.</p> <p>Classes that may be offered by the Fund are as follows:</p> <ul style="list-style-type: none"> • RM Class A • RM Class D • RM-Hedged Class A • RM-Hedged Class D • HKD Class A • HKD Class D • USD Class A • USD Class D • USD-Hedged Class A • USD-Hedged Class D • SGD Class A • SGD Class D • SGD-Hedged Class A • SGD-Hedged Class D • AUD Class A • AUD Class D • AUD-Hedged Class A • AUD-Hedged Class D • GBP Class A • GBP Class D • GBP-Hedged Class A • GBP-Hedged Class D • EUR Class A • EUR Class D • EUR-Hedged Class A • EUR-Hedged Class D <p>As of the date of this Information Memorandum, only these eight (8) classes (each a “Class” and collectively “Classes”) will be offered for subscriptions:</p> <ol style="list-style-type: none"> (a) RM Class A and RM Class D – classes issued by the Fund which is denominated in RM; (b) RM-Hedged Class A and RM-Hedged Class D – classes issued by the Fund which is denominated in RM and will be hedged against the base currency of the Fund; (c) HKD Class D – a class issued by the Fund which is denominated in HKD; (d) USD Class D – a class issued by the Fund which is denominated in USD; (e) SGD-Hedged Class D – a class issued by the Fund which is denominated in SGD and will be hedged against the base currency of the Fund.

	(f) AUD-Hedged Class D - a class issued by the Fund which is denominated in AUD and will be hedged against the base currency of the Fund.
Class A	Collectively refers to RM Class A and RM-Hedged Class, where distribution (if any) is incidental.
Class D	Collectively refers to RM Class D, RM-Hedged Class D, HKD Class D, USD Class D, SGD-Hedged Class D and AUD-Hedged Class D. The Class may distribute from its gains, income and capital and aims to distribute on a monthly basis.
Code	Means Code on Unit Trusts and Mutual Funds issued by the SFC, as may be amended from time to time.
CMSA 2007, the Act	Capital Markets and Services Act 2007 and any amendments made thereto.
Commencement Date	Means the date on which the investments of the Fund may first be made.
CRS	Common Reporting Standards.
Dealing Day	In respect of the Target Fund, each business day during the continuance of the Target Fund or such other day or days as the Management Company may from time to time, in consultation with the trustee of the Target Fund, determine either generally or in respect of a particular class or classes of units.
Deed	The deed dated 21 May 2026 and supplemental deeds (if any) entered into between the Manager and the Trustee in relation to the Fund.
EUR	Euro, the official currency of the European Union.
FATCA	Foreign Account Tax Compliance Act.
FDI	Means financial derivative instrument, including, for the avoidance of doubt, futures contracts and swaps.
Fund	AmChina Enterprises High Income Fund.
GBP	Great Britain Pound.
HKD	Hong Kong Dollar.
HKSCC	Hong Kong Securities Clearing Company Limited or its successors.
H-Shares	shares issued by companies incorporated in the PRC mainland and listed on the SEHK and traded in Hong Kong dollars.
Information Memorandum	Information memorandum of the Fund.

IUTA	Institutional Unit Trust Scheme Adviser registered with the Federation of Investment Managers Malaysia (“FIMM”) to market and distribute unit trust funds.
Latest Practicable Date (LPD)	30 April 2026.
Launch Date	The date of this Information Memorandum and is the date on which sales of units of the Fund may first be made; the Launch Date is also the date of constitution of the Fund.
Listed Class	A class of units of Target Fund which is listed on the SEHK or any recognised stock exchange.
Long Term	A period of at least five (5) years.
Management Company	CSOP Asset Management Limited.
MYR, RM	Ringgit Malaysia.
NAV per unit	Net Asset Value attributable to a Class divided by the number of units in circulation of that Class, at the valuation point.
Net Asset Value (NAV)	The value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is inclusive of the management fee and trustee fee for the relevant day; where the Fund has more than one Class, there shall be a NAV attributable to each Class.
OTC	Means over-the-counter.
p.a.	Per annum.
PRC, China	Means the People’s Republic of China.
PRC mainland, Mainland China	Means all the customs territories of the PRC excluding Hong Kong, Macau and Taiwan of the PRC for purpose of interpretation of this Information Memorandum only.
Redemption	Repurchase of units of the Fund.
RMB	renminbi, the currency of the PRC mainland.
SC, the SC	Securities Commission Malaysia.
SC Guidelines	Guidelines on the Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and shall include any amendments and revisions contained herein or made pursuant thereto.
Secondary Market Investor	Means an investor who purchases and sells Listed Class of units in the secondary market on the SEHK.
SEHK	The Stock Exchange of Hong Kong Limited or its successors.

SFC	Securities and Futures Commission of Hong Kong or its successors.
SGD	Singapore Dollar.
Sophisticated Investor(s)	Has the same meaning as prescribed in the SC Guidelines and Guidelines on Categories of Sophisticated Investors or such other relevant laws and guidelines as may be amended from time to time.
Special Resolution	<p>Means a resolution passed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy.</p> <p>For the purposes of terminating the Fund or a Class of the Fund, “Special Resolution” is passed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.</p>
Sub-Fund	Means a separate trust fund with a segregated pool of assets and liabilities established under the Trust,
Target Fund	CSOP HSCEI Covered Call Active ETF.
Target Fund Prospectus	Means the prospectus of the Target Fund dated 25 March 2026, as amended, modified or supplemented from time to time.
Trust	The unit trust constituted by the trust deed and to be called CSOP ETF Series or such other name as the trustee of the Target Fund and the Management Company may from time to time determine.
Trustee	Deutsche Trustees Malaysia Berhad.
UK	United Kingdom.
Unit Holder(s), you	<p>The person(s) for the time being registered under the provisions of the Deed as a holder of units of the Fund including the joint holders, whose name appears in the Manager’s register of Unit Holders.</p> <p>Please note that if a Sophisticated Investor invests through a distributor via nominee system of ownership, the Sophisticated Investor will not be deemed a Unit Holder under the Deed.</p>
US	United States of America.
US Person	A US citizen or resident individual, a partnership or corporation organized in the US or under the laws of the US or any State thereof, a trust if: (i) a court within the US would have authority under applicable law to render orders or

	<p>judgments concerning substantially all issues regarding administration of the trust and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US as defined in the Malaysia-US Intergovernmental Agreement Guidance Notes on Compliance Requirements for Malaysia-US Intergovernmental Agreement on FATCA issued by Inland Revenue Board Of Malaysia dated 11 September 2015, including any amendments, guidelines and other administrative actions made thereunder.</p>
USD	US Dollar.
wholesale fund	A fund, the units which are issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units have been made, exclusively to Sophisticated Investors.

2 CORPORATE DIRECTORY

MANAGER

AmFunds Management Berhad
Registration number: 198601005272
(154432-A)

Registered office

22nd Floor, Bangunan AmBank Group,
No. 55, Jalan Raja Chulan,
50200 Kuala Lumpur.
Tel: (03) 2036 2633

Business office

9th & 10th Floor, Bangunan AmBank
Group,
No. 55, Jalan Raja Chulan,
50200 Kuala Lumpur.
Tel: (03) 2032 2888
Fax: (03) 2031 5210
Email: enquiries@aminvest.com
Website: www.aminvest.com

TRUSTEE

Deutsche Trustees Malaysia Berhad
Registration number: 200701005591
(763590-H)

Registered office / Business office

Level 20, Menara IMC,
8 Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel: (03) 2053 7522
Fax: (03) 2053 7526
Email: dtmb.rtm@db.com

TRUSTEE'S DELEGATE (CUSTODIAN)

Deutsche Bank (Malaysia) Berhad
Registration number: 199401026871
(312552-W)

Registered office

Level 19, Menara IMC,
No. 8, Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel: (03) 2053 6788
Fax: (03) 2031 8710

Business office

Level 19-20, Menara IMC,
No. 8, Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel: (03) 2053 6788
Fax: (03) 2031 8710

Note: The corporate information which may be updated from time to time is also available on our website at www.aminvest.com/about-aminvest/corporate-profile.

3 THE FUND'S DETAILED INFORMATION

3.1 Fund Information

Fund Name	AmChina Enterprises High Income Fund.
Base Currency of the Fund	HKD.
Fund Type	Income and Growth.
Fund Category	Wholesale (feeder fund).
Investment Objective	<p>The Fund seeks to provide income and maintain prospects for capital growth by investing in one (1) collective investment scheme.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Investment Strategy	<p>The Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund's NAV in the Target Fund, while the balance of the Fund's NAV will be invested in deposits and money market instruments for liquidity purposes and/or derivative for hedging purposes.</p> <p>This implies that the Fund has a passive strategy. The Fund will not be adopting any temporary defensive strategies in response to market conditions. All investment decisions are left with the fund manager of the Target Fund. Please refer to "Risk of a Passive Strategy" and "Risk of not Meeting the Fund's Investment Objective" under Risk Factors chapter for more details.</p> <p>The Manager may, in consultation with the Trustee and with the approval of the Unit Holders, terminate the Fund or replace the Target Fund with another fund that has similar investment objective, if in the Manager's opinion, the Target Fund no longer meets the Fund's investment objective.</p> <p>The Fund may utilise derivative instruments including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes, where appropriate.</p> <p><i>Note: A replacement of this Target Fund would require Unit Holder's approval.</i></p>
Asset Allocation	<ul style="list-style-type: none">• A minimum of 85% of the Fund's NAV in the Target Fund; and

	<ul style="list-style-type: none"> • A maximum of 15% of the Fund's NAV in deposits and money market instruments for liquidity purposes and/or derivative for hedging purposes.
Distribution Policy	<p>Class A: Subject to the availability of income, distribution (if any) is incidental.</p> <p>Class D: Distribution, if any, will be made on a monthly basis.</p> <p>At the Manager's discretion, the Fund may distribute from its gain, income and capital. The rationale for distribution out of capital is to allow the Fund the ability to (i) distribute income on a regular basis in accordance with the distribution policy of the Fund or (ii) increase the amount of distributable income to the Unit Holders, after taking into consideration the risk of distributing out of capital.</p> <p>Distribution out of the Fund's capital has the effect of lowering the NAV of the Fund, may reduce part of the Unit Holders' original investment and may also result in reduced future returns to Unit Holders. When a substantial amount of the original investment is being returned to the Unit Holders, it has a risk of eroding the capital of the Fund and may, over time, cause the NAV of the Fund to fall. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.</p> <p><i>Note: The Manager reserves the right to vary the frequency and/or amount of distribution (if any) for each of the Classes. Any material change to the distribution policy will be notified to Unit Holders in accordance with applicable regulatory requirements. For further details on the mode of distribution, please refer to page 104.</i></p>
Investor Profile	<p>The Fund is suitable for Sophisticated Investors who:</p> <ul style="list-style-type: none"> • seek income* and maintain prospects for capital growth on their investments; • have a Long Term investment horizon; and • wish to seek exposure to China enterprises listed on the Hong Kong Stock Exchange. <p><i>Note:</i></p> <p>* <i>Distribution frequency varies by class; for example, Class D distributes (if any) on a monthly basis, while Class A distributions are incidental and subject to income availability.</i></p>

3.2 Other Information

Launch Date	9 June 2026.
Initial Offer Period	<p>A period of up to twenty-one (21) days commencing from 9 June 2026 to 29 June 2026.</p> <p><i>Note: The Manager reserves the right to determine a shorter initial offer period and notify the Trustee. The decision for a shorter initial offer period is based on the sole discretion of the Manager. The Fund will commence on a date which the investment of the Fund may first be invested into the Target Fund.</i></p>
Initial Offer Price	<p>RM Class A : RM1.0000</p> <p>RM Class D : RM1.0000</p> <p>RM-Hedged Class A : RM1.0000</p> <p>RM-Hedged Class D : RM1.0000</p> <p>HKD Class D : HKD1.0000</p> <p>USD Class D : USD1.0000</p> <p>SGD-Hedged Class D : SGD1.0000</p> <p>AUD-Hedged Class D : AUD1.0000</p>
Commencement Date	The date which falls on the first (1st) Business Day after the expiry of the initial offer period.
Financial Year End	31 May.
Permitted Investment	<p>As permitted under the Deed, the Fund will invest in any of the following investments:</p> <ol style="list-style-type: none"> i. the Target Fund or any collective investment scheme having a similar objective with the Fund; ii. deposits and money market instruments; and iii. financial derivatives for hedging purposes.
Investment Limits and Restrictions	The Fund must be invested in one (1) collective investment scheme.

4 INFORMATION ON CSOP HSCEI COVERED CALL ACTIVE ETF (TARGET FUND)

Name of Target Fund	CSOP HSCEI Covered Call Active ETF.
Regulatory Authority	SFC.
Management Company of the Target Fund	CSOP Asset Management Limited.
Domicile	Hong Kong.
Date of Initial Issue	10 December 2025.
Date of Listing	11 December 2025.
Base Currency of the Target Fund	HKD.
Exchange Listing	SEHK – Main Board.
Stock Code	2802.
Trading Board Lot Size	100 units.

4.1 About CSOP ETF Series (“Trust”)

The Target Fund is a sub-fund of the Trust. The Trust is an umbrella unit trust constituted by way of a trust deed dated 25 July 2012 (as amended and restated on 15 June 2021), between the Management Company and HSBC Institutional Trust Services (Asia) Limited as trustee of the Target Fund, (as further amended and supplemented from time to time). The terms of the trust deed are governed by the laws of Hong Kong.

4.2 Management Company of the Target Fund

CSOP Asset Management Limited is the management company of the Trust and the Target Fund. The Management Company was established in January 2008 and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance.

The Management Company, a subsidiary of China Southern Asset Management Co. Limited, is the first Hong Kong subsidiary set up by mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong.

The Management Company is dedicated to serving investors as a gateway for investment between China and the rest of the world. For inbound investment, the Management Company’s boasting local expertise makes it the ideal adviser or partner of international investors. For outbound investment, it is keen to introduce suitable overseas investment opportunities to domestic Chinese institutional and

retail investors. The Management Company provides discretionary management services and advisory services to both institutional investors and investment funds.

The Management Company undertakes the management of the assets of the Trust.

4.3 Investment Objective and Strategy of the Target Fund

The investment objective of the Target Fund is to generate income and maintain prospects for capital appreciation while mitigating some downside risk through the use of covered call strategy. It should be noted that the use of covered call strategy also limits potential upside.

4.4 Investment Strategy of the Target Fund

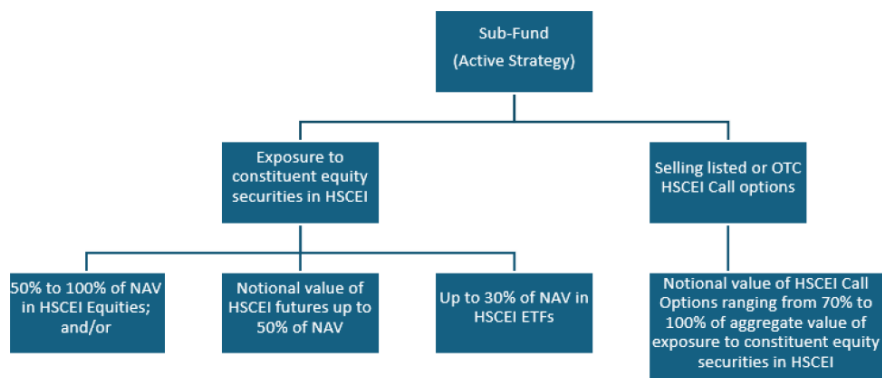
The Target Fund seeks to achieve its investment objective by primarily (i) investing in constituent equity securities in the Hang Seng China Enterprises Index (the “Reference Index” or the “HSCEI”); and (ii) selling (i.e. “writing”) call options on the Reference Index to receive payments of money from the purchaser of call options (i.e. “premium”). The Target Fund will obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing:

- (i) directly in constituent equity securities of the Reference Index (the “HSCEI Equities”) of at least 50% but not exceeding 100% of its net asset value; and/or
- (ii) in long positions of front-month¹ HSCEI futures contracts and/or mini-HSCEI futures contracts (collectively, the “HSCEI Futures”) listed on the Hong Kong Futures Exchange Limited (the “HKFE”) with notional value of up to 50% of its net asset value. The Target Fund may also hold back-month HSCEI Futures when the Management Company rolls the HSCEI Futures prior to expiration.
- (iii) The Target Fund may also invest up to 30% of its net asset value in exchange traded funds that track the performance of the Reference Index (the “HSCEI ETF”), which are either authorised by the SFC or eligible schemes under Chapter 7.11A of the Code.

The Target Fund will also adopt a covered call strategy which involves writing listed or OTC call options on the Reference Index (the “HSCEI Call Options”) with notional value ranging from 70% to 100% of the aggregate value of the constituent equity securities of the Reference Index and the HSCEI ETF held by the Target Fund as well as the notional value of the long positions in HSCEI Futures held by the Target Fund (the “Covered Call Exposure”). The HSCEI Call Options are cash-settled and European-style options that are exercisable only at expiry.

¹ “Front-month” HSCEI Futures or HSCEI Call Options are monthly contracts with the shortest time to maturity. “Back-month” HSCEI Futures or HSCEI Call Options are those with longer time to maturity.

The diagram below shows the main investment strategies of the Target Fund:



Details of the option strategy

Creation/subscription of units

When there will be an increase in the number of units due to creation/subscription of units, the Target Fund may have to write additional HSCEI Call Options in order to maintain the Covered Call Exposure. The Target Fund may seek to write additional HSCEI Call Options with the same specified exercise price (i.e. “strike price”) and expiration date as the existing HSCEI Call Options that have been written. Depending on the latest level of the Reference Index, the additional HSCEI Call Options to be written can be in-the-money, at-the-money or out-of-the-money². The Target Fund may also write additional HSCEI Call Options with strike price and expiration date different from the existing HSCEI Call Options that have been written, with factors including but not limited to the liquidity and bid-ask spread of the HSCEI Call Options, premium of the HSCEI Call Options, as well as the potential risks of writing the HSCEI Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

² Moneyness is a term to describe whether an option is “in-the-money”, “at-the-money” or “out-of-the-money”. An “in-the-money” call option is a call option with a strike price that is below the current market price of the underlying asset (i.e. the latest level of the Reference Index in the case of the Target Fund). A call option is “at-the-money” if it has a strike price which is at or very near to the current market price of the underlying asset, and a call option is “out-of-the-money” if it has a strike price which exceeds the current market price of the underlying asset.

The moneyness of an option will affect the likelihood of the option being exercised. An “in-the-money” call option is likely to be exercised by the purchaser at expiry in order to make a profit from the favourable price difference between the strike price and the market price of the underlying asset, whereas the likelihood of exercise for an “at-the-money” call is relatively lower. An “out-of-the-money” call option has no intrinsic value and is not likely to be exercised at expiry.

Rolling of HSCEI Call Options

When existing HSCEI Call Options written by the Target Fund expire, the Target Fund seeks to write front-month¹ at-the-money or out-of-the-money HSCEI Call Options to maintain the Covered Call Exposure. It is the intention of the Target Fund to primarily write at-the-money HSCEI Call Options when existing HSCEI Call Options written by the Target Fund expire as the Target Fund aims to receive higher levels of premium. The Target Fund may also write back-month HSCEI Call Options, with factors including but not limited to the liquidity and bid-ask spread of the HSCEI Call Options, premium of the HSCEI Call Options as well as the potential risks of writing the HSCEI Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

The Management Company may also “roll” the HSCEI Call Options prior to expiration (i.e. closing an existing HSCEI Call Option which is about to expire and write another HSCEI Call Option with a later expiration date). A call option expires on a designated date (the “expiration date”). In determining whether to roll the HSCEI Call Options, the Management Company will consider various factors including but not limited to the liquidity and bid-ask spread of the HSCEI Call Options, premium of the HSCEI Call Options, the potential risks of rolling the HSCEI Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) as well as whether such “rolling” is in the best interest of the investors. There is no guarantee that such rolling strategy will produce the desired results.

The Target Fund may also write weekly HSCEI Call Options (only out-of-the-money), which are weekly contracts expiring at the end of each week with the shortest time to maturity, with factors including but not limited to the liquidity and bid-ask spread of the HSCEI Call Options, premium of the HSCEI Call Options as well as the potential risks of writing the HSCEI Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index) being considered.

Restriction on strike price

The strike price of the in-the-money HSCEI Call Options written by the Target Fund will be capped at 30% below the index level of the Reference Index when written, whereas the strike price of the out-of-the-money HSCEI Call Options written by the Target Fund will be capped at 30% above the index level of the Reference Index when written. The tenor of the HSCEI Call Options shall not exceed one year when they are written by the Target Fund.

Margin requirements and other investments

In acquiring the HSCEI Futures and selling the HSCEI Call Options, the Management Company anticipates that not more than 25% of the net asset value of the Target Fund will be used as margin from time to time. Under exceptional circumstances (for instance, when there is increased margin requirement by the HKFE, the SEHK and/or brokers in extreme market turbulence), the margin exposure may increase substantially beyond 25% of the net asset value of the Target Fund.

Not more than 30% of the net asset value of the Target Fund may be invested in cash (HKD or USD) and other HKD or USD denominated investment products, such as deposits with banks in Hong Kong and HKD or USD denominated short-term (i.e. maturity less than 3 years) investment-grade bonds and money market funds (which are authorised under Chapter 8.2 of the Code or eligible schemes under Chapter 7.11A of the Code) in accordance with the requirements of the Code.

The Management Company currently has no intention to invest the Target Fund in any financial derivative instruments (other than investing in the HSCEI Futures and writing the HSCEI Call Options) for hedging or non-hedging (i.e. investment) purposes and will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar OTC transactions. The Management Company will seek the prior approval of the SFC (if required), and provide at least one month's prior notice to unit holders of the Target Fund before the Management Company engages in any such investments.

Use of derivatives

The Target Fund's net derivative exposure may be up to 50% of its net asset value.

Securities Lending Transactions

The Management Company may, on behalf of the Target Fund, enter into securities lending transactions, with the maximum level for up to 50% and expected level for approximately 20% of its net asset value. The Management Company will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Target Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Management Company at its absolute discretion. Please refer to the section "**Securities Financing Transactions**" under Section 4.7 Investment and Borrowing Restrictions in regard to the details of the arrangement.

As part of the securities lending transactions, the Target Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and safekept by the trustee of the Target Fund or an agent appointed by the trustee of the Target Fund. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Management Company will call for additional collateral on trading day T, and the borrower will have to deliver

additional collateral to make up for the difference in securities value, with settlement of such delivery expected to occur on or before trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Information as required under the Code will be disclosed in the annual and interim financial reports and on the Management Company's website (as the case may be).

To the extent the Target Fund undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Target Fund. The cost relating to securities lending transactions will be borne by the borrower.

Covered Call Strategy Adopted By The Target Fund

Overview

A "covered call strategy" is an options trading strategy which involves holding a long position in a particular asset (for example, a stock, a commodity, a bond, a currency or an index), whilst writing call options on the same asset simultaneously. Each European-style call option represents the right, but not the obligation, for the purchaser of the call option to buy the underlying asset at the strike price (or to receive a cash payment equal to any positive difference between the strike price and the market price of the underlying asset (the "cash payment at expiry")) at expiry. In return for writing a call option, the writer receives a payment of money from the purchaser who buys the call option, which is called the "premium".

This strategy is considered "covered" because the writer of the call options holds the underlying asset which can be delivered to the purchaser if the call option is exercised (in the case of physically-settled options), or liquidated to pay the purchaser the cash payment at expiry (in the case of cash-settled options).

Advantages and disadvantages of adopting a covered call strategy

The objective of adopting a covered call strategy is to generate income and reduce potential loss against the downward market. Each time the Target Fund writes a HSCEI Call Option, the Target Fund receives a premium. If the value of the securities relating to the Reference Index held by the Target Fund declines, the premium that the Target Fund received for writing the HSCEI Call Option may reduce such loss to some extent.

However, the downside of adopting a covered call strategy is that the Target Fund's opportunity to profit from an increase in the level of the Reference Index is limited to the strike price of the HSCEI Call Options written, plus the premium received. In return for the premium, the Target Fund gives the purchaser of the HSCEI Call Options the right to receive a cash payment equal to any positive difference between the level of the Reference Index and the strike price of the HSCEI Call Options at expiry (the "cash payment at expiry"). Insofar as the Target Fund's Covered Call Exposure is concerned, during the tenor of the HSCEI Call Options, the Target Fund

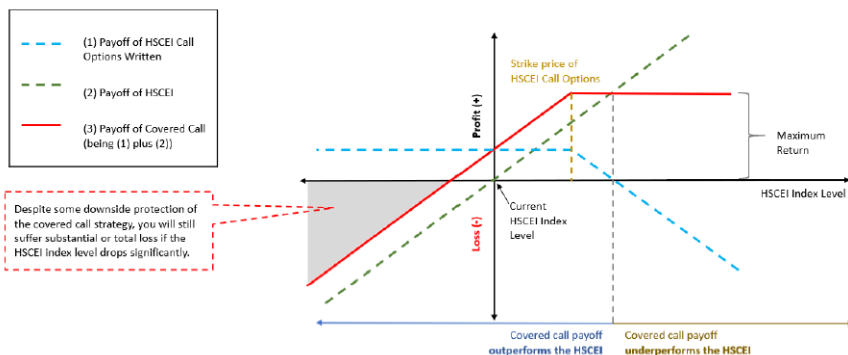
may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the HSCEI Call Options (however, the Target Fund may still be benefited from potential increases in the value of the Reference Index above the strike price of the HSCEI Call Options for the Target Fund's exposure to the Reference Index that exceeds the notional value of the HSCEI Call Options written). The purchaser may exercise the HSCEI Call Options at the strike price at expiry and as such, the Target Fund will be obligated to give the cash payment at expiry to the purchaser. The Target Fund will not benefit from any appreciation of the Reference Index beyond the strike price of the HSCEI Call Options and the cash payment at expiry to the purchaser may be more than the premium received if the positive difference between the level of the Reference Index and the strike price of the HSCEI Call Options is greater than the premium received. When the value of the securities relating to the Reference Index held by the Target Fund is rallying rapidly, the Target Fund is expected to underperform the Reference Index.

As the Target Fund seeks to write covered HSCEI Call Options to maintain the Covered Call Exposure, its ability to benefit from capital appreciation of the Reference Index is limited as a result.

For the avoidance of doubt, the Target Fund does not seek to track the Reference Index given its covered call strategy.

Target Fund's performance in different market scenarios

The payoff of a covered call strategy in comparison with the HSCEI is illustrated in the following diagram:



The covered call strategy outperforms the HSCEI when the current price of the HSCEI is less than the sum of the strike price and the call option premium and underperforms the HSCEI when the current price of the HSCEI is more than the sum of the strike price and the call option premium.

For illustrative purpose only, the Target Fund's performance in adopting the covered call strategy in different market scenarios is set out below:

a) Bullish market scenario (worst case scenario)

In a bullish market where the market value of the Reference Index is continuously rising, the covered call strategy adopted by the Target Fund may result in limited participation in the upside potential of the Reference Index.

The Target Fund's ability to benefit from the increasing value of the Reference Index is limited to the strike price of the HSCEI Call Options written, plus the premium received. As the market value of the Reference Index rises and may reach a level exceeding the strike price, the HSCEI Call Options written by the Target Fund may be exercised by the purchaser at expiry. This will trigger the Target Fund's obligation to pay the purchaser the cash payment at expiry. The Target Fund may have to liquidate its long positions in HSCEI Equities, HSCEI Futures and/or HSCEI ETF in such a case. Therefore, the Target Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the HSCEI Call Options written by the Target Fund, insofar as the Target Fund's Covered Call Exposure is concerned (i.e. upside potential from the increase in value of the Reference Index is limited). Such forgone gain above the strike price of the HSCEI Call Options may not be sufficiently offset by the premium received.

Accordingly, the Target Fund's performance in a bullish market may be inferior compared to direct investments in constituent equity securities of the Reference Index without adopting a covered call strategy.

b) Range-trading market scenario (best case scenario)

In a range-trading market where the market value of the Reference Index is neither rising nor declining, the Target Fund's covered call strategy may generate positive returns for the Target Fund.

In writing the HSCEI Call Options, the Target Fund will receive a premium from the purchaser. If the market remains range-bound, it is likely that (i) the HSCEI Call Options will not be exercised by the purchaser at expiry (if the level of the Reference Index is equal to or below the strike price) or (ii) the cash payment at expiry to the purchaser is less than the premium received if the positive difference between the level of the Reference Index and the strike price when the HSCEI Call Options expires is less than the premium received.

Accordingly, the Target Fund can generate positive returns and potentially enhance its overall performance during a range-trading market.

c) Bearish market scenario

In a bearish market where the market value of the Reference Index declines continuously, the Target Fund's covered call strategy may provide the Target Fund with downside protection to a certain extent.

As the market value of the Reference Index continues to decline and may reach

a level below the strike price of the HSCEI Call Options written by the Target Fund, the likelihood that the HSCEI Call Options will be exercised at expiry is low. The Target Fund retains the premium received from writing the HSCEI Call Options as income, which may partially reduce the losses suffered from the declining market (if any). However, in the event that the decline in value of the Reference Index (and a corresponding decline in the value of the Target Fund's long positions in HSCEI Equities, HSCEI Futures and/or HSCEI ETF) exceeds the income generated from writing the HSCEI Call Options, the Target Fund's overall performance and net asset value may be adversely affected.

For the avoidance of doubt, the above is set out for illustrative purpose only and should not be construed as any guarantee or warranty regarding the Target Fund's performance. The effectiveness of the Target Fund's covered call strategy is subject to an array of factors including but not limited to market conditions, volatility of the Reference Index, investor outlook and interest rates. There is no guarantee that the Target Fund will be able to fully implement its covered call strategy as intended or at all.

4.5 Reference Index (Hang Seng China Enterprises Index)

The Reference Index is a free-float-adjusted market capitalisation-weighted index that tracks the performance of the largest Mainland securities listed and traded on the SEHK. The universe of the Reference Index comprises of securities listed on the Main Board of the SEHK excluding stapled securities, biotech companies with stock names end with marker "B", specialist technology companies with stock names end with marker "PC" and investment companies listed under Chapter 21 of the Listing Rules. The Reference Index adopts a free-float-adjusted market capitalisation-weighted methodology with a cap of 8% on individual constituents.

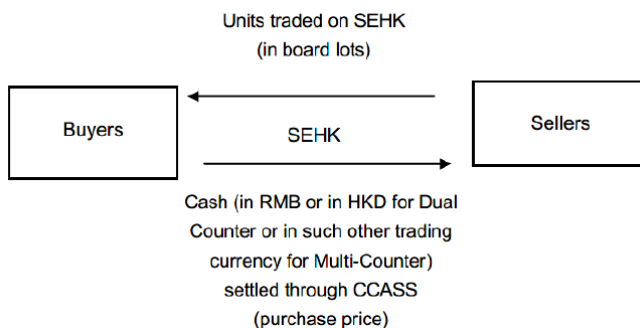
The Reference Index is compiled and maintained by Hang Seng Indexes Company Limited ("HSICL"). The Reference Index is denominated in HKD. The Reference Index was launched on 8 August 1994 and had a base level of 2,000 on 3 January 2000. As at 31 October 2025, the Reference Index comprised 50 securities with a total market capitalisation of approximately HKD24.77 trillion. The Management Company (and each of its connected persons) are independent of HSICL.

4.6 Dealing in the Target Fund

Listed units of the Target Fund may be dealt in the secondary market. A Secondary Market Investor may purchase and sell Listed Class of units in the secondary market on the SEHK. This method of investment is more suitable for retail investors due to the smaller size of capital investment.

The Listed Class of units of the Target Fund may trade on the SEHK at a premium or discount to the net asset value of the units of the Target Fund.

A Secondary Market Investor can buy or sell the Listed Class of units of the Target Fund through his stockbroker on the SEHK on or after the listing date of the Target Fund. The diagram below illustrates the trading of Listed Class of units on the SEHK:



Secondary Market Investors may place an order with a broker to sell their Listed Class of units on the SEHK at any time during the trading day. To sell Listed Class of units – or to buy new ones – such investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

The trading price of Listed Class of units of the Target Fund on the SEHK may differ from the net asset value per Listed Class of units of the Target Fund and there can be no assurance that a liquid secondary market will exist for the units.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Listed Class of units.

There can be no guarantee that once the Listed Class of units of the Target Fund are listed on the SEHK they will remain listed.

4.7 Investment and Borrowing Restrictions

The trust deed sets out restrictions and prohibitions on the acquisition of certain investments by the Management Company. The Target Fund is subject to the following principal investment restrictions:-

- (a) the aggregate value of the Target Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the total net asset value of the Target Fund:
 - (1) investments in securities issued by such entity;
 - (2) exposure to such entity through underlying assets of FDIs; and
 - (3) net counterparty exposure to such entity arising from transactions of OTC FDIs;

- (b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of the Target Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total net asset value of the Target Fund:
 - (1) investments in securities issued by such entities;
 - (2) exposure to such entities through underlying assets of FDIs; and
 - (3) net counterparty exposure to such entities arising from transactions of OTC FDIs;
- (c) unless otherwise approved by the SFC, the value of the Target Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total net asset value of the Target Fund, unless:
 - (1) the cash is held before the launch of the Target Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or
 - (2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Target Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or
 - (3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

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

- (d) ordinary shares issued by any single entity held for the account of the Target Fund, when aggregated with other ordinary shares of the same entity held for the account of all other Sub-Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;
- (e) not more than 15% of the total net asset value of the Target Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, OTC market or other organised securities market which is open to the international public and on which such securities are regularly traded;
- (f) notwithstanding (a), (b), (d) and (e), where direct investment by the Target Fund in a market is not in the best interests of investors, the Target Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:
 - (1) the underlying investments of the subsidiary, together with the direct investments made by the Target Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

- (2) any increase in the overall fees and charges directly or indirectly borne by the unitholders or the Target Fund as a result must be clearly disclosed in the Target Fund Prospectus; and
 - (3) the Target Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Target Fund;
- (g) notwithstanding (a), (b) and (d), not more than 30% of the total net asset value of the Target Fund may be invested in Government and other Public Securities of the same issue;
 - (h) subject to (g), the Target Fund may fully invest in Government and other Public Securities in at least six different issues;
 - (i) unless otherwise approved by the SFC, the Target Fund may not invest in physical commodities;
 - (j) for the avoidance of doubt, exchange traded funds that are:
 - (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
 - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (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 Chapter 8.6 of the 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 Chapter 8.10 of the Code,

may either be considered and treated as (x) listed securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by the Target Fund should be consistently applied and clearly disclosed in the Target Fund Prospectus;

- (k) where the Target Fund invests in shares or units of other collective investment schemes (“underlying schemes”),
 - (1) the value of the Target Fund’s investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the total net asset value of the Target Fund; and
 - (2) the Target Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Target Fund’s investment in units or shares in each such underlying scheme may not exceed 30% of the total net asset value of the Target Fund, unless the underlying scheme is

authorised by the SFC and its name and key investment information are disclosed in the Target Fund Prospectus,

provided that in respect of (1) and (2) above:

- (i) the objective of each underlying scheme may not be to invest primarily in an investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, the Target Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total net asset value, and exchange traded funds satisfying the requirements in paragraph (i) above in compliance with paragraph (k)(1) and (k)(2);
 - (ii) where the underlying schemes are managed by the Management Company, or by other companies within the same group that the Management Company belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;
 - (iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);
- (3) where an investment is made in any underlying scheme(s) managed by the Management Company or any of its connected persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and
- (4) the Management Company or any person acting on behalf of the Target Fund or the Management Company may not obtain a rebate on any fees or charges levied by a underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;
- (l) if the name of the Target Fund indicates a particular objective, investment strategy, geographic region or market, the Target Fund should, under normal market circumstances, invest at least 70% of its total net asset value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Target Fund represents.

The Management Company shall not on behalf of the Target Fund:-

- (i) invest in a security of any class in any company or body if any director or officer of the Management Company individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Management Company collectively own more than 5% of those securities;

- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs));
- (iii) make short sales if as a result the Target Fund would be required to deliver securities exceeding 10% of the total net asset value of the Target Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Target Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;
- (iv) lend or make a loan out of the assets of the Target Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;
- (v) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;
- (vi) enter into any obligation in respect of the Target Fund or acquire any asset or engage in any transaction for the account of the Target Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of unitholders is limited to their investment in the Target Fund; or
- (vii) apply any part of the Target Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Target Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs).

Note: The investment restrictions set out above apply to the Target Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the securities of any single entity exceeding 10% of the collective investment scheme's net asset value.

Other Investment Restrictions

For the Target Fund which is authorised by the SFC as a fund that invests extensively in FDIs under Chapter 8.9 of the Code, that is a fund which is actively managed and which seeks to acquire FDIs extensively for investment purposes, the Target Fund shall comply with the requirements of Chapter 7 of the Code (subject to the modifications, exemptions or additional requirements as set out in Chapter 8.9

of the Code), including the following investment limitation or criteria (unless otherwise approved by the SFC):

- (1) notwithstanding the requirement under Chapter 7.26 of the Code, the Target Fund may acquire FDIs for investment purposes subject to the limit that the net derivative exposure of the Target Fund does not exceed 100% of its net asset value. For the avoidance of doubt, FDIs acquired for hedging purposes will not be counted towards this 100% limit;
- (2) the Target Fund shall be subject to the requirements and limitations set out in Chapter 7.28 of the Code; and
- (3) the collateral shall meet the requirements set out under “*Collatera*” below.

For the Target Fund which is authorised by the SFC as a listed open-ended fund (also known as an active exchange-traded fund) under Chapter 8.10 of the Code, that is a fund which is listed and traded on the SEHK other than passive ETFs and closed-ended funds under Chapters 8.6 and 8.11 of the Code respectively, the Target Fund shall comply with the requirements and limitations set out in Chapter 7 of the Code (as summarised in this Section and unless otherwise approved by the SFC).

If any of the restrictions or limitations set out above is breached in respect of the Target Fund, the Management Company will make it a priority objective to take all necessary steps within a reasonable period of time to remedy such breach, taking into account the interests of the unitholders of the Target Fund.

The trustee of the Target Fund will take reasonable care to ensure that the investment and borrowing limitations set out in the constitutive documents and the conditions under which the Target Fund was authorised are complied with.

Borrowing Restrictions

The Management Company may engage in borrowing in order to acquire investments, to redeem units or to pay expenses relating to the Target Fund. The maximum borrowing of the Target Fund may not exceed 10% of its total net asset value. For this purpose, back-to-back loans do not count as borrowing. Securities lending transactions and sale and repurchase transactions in compliance with the requirements as set under the section entitled “*Securities Financing Transactions*” below are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section. The assets of the Target Fund may be charged, pledged or otherwise encumbered in any manner as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Management Company shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of unitholders of the Target Fund. The Management Company is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Target Fund's investments, reconstructions or amalgamations, payments out of the assets of the Target Fund or

redemption of units but for so long as such limits are exceeded, the Management Company shall not acquire any further investments which would result in such limit being further breached.

Securities Financing Transactions

The Target Fund may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions (“securities financing transactions”), provided that they are in the best interests of the unitholders of the Target Fund, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

The Target Fund which engages in securities financing transactions is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;
- 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 to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Target Fund;
- it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

- (a) each counterparty for such transactions will be independent counterparties approved by the Management Company with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the SFC or are registered institutions with the Hong Kong Monetary Authority;
- (b) the trustee or the custodian of the Target Fund, upon the instruction of the Management Company, will take collateral, which can be cash or non-cash assets fulfilling the requirements under “*Collateral*” below;
- (c) for sale and repurchase transactions, it is the intention of the Management Company to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested;

- (d) the maximum and expected level of the Target Fund's assets available for these transactions will be as set out in Section 4.4 Investment Strategy of the Target Fund; and
- (e) where any securities lending transaction has been arranged through the trustee of the Target Fund or a connected person of the trustee of the Target Fund or the Management Company, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement.

Financial Derivative Instruments

Subject always to the provisions of the trust deed and the Code, the Management Company may on behalf of the Target Fund enter into any transactions in relation to swaps or other FDI.

The Target Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Target Fund's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total net asset value (unless otherwise approved by the SFC for the Target Fund pursuant to Chapter 8 of the Code). For the avoidance of doubt:

- (a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by the Target Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the position;
- (b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and
- (c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to the above, the Target Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Target Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

The FDIs invested by the Target Fund shall be either listed or quoted on a stock exchange, or dealt in OTC 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 or currencies or other asset classes acceptable to the SFC, in which the Target Fund may invest according to its investment objectives and policies;

- (b) the counterparties to OTC FDI transactions or their guarantors are substantial financial institutions or such other entity acceptable to the SFC on a case-by-case basis;
- (c) subject to paragraphs (a) and (b) under Section 4.7 Investment and Borrowing Restrictions above, the net counterparty exposure to a single entity arising from transactions of the OTC FDIs may not exceed 10% of the net asset value of the Target Fund. The exposure of the Target Fund to a counterparty of OTC FDIs may be lowered by the collateral received (if applicable) by the Target Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the OTC financial derivative instruments with that counterparty, if applicable; and
- (d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Management Company or the trustee of the Target Fund or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Target Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

The Target Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs. The Management Company shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. For the purposes herein, assets that are used to cover the Target Fund's payment and delivery obligations incurred under transactions in FDIs should 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. A transaction in FDIs which gives rise to a future commitment or contingent commitment of the Target Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Target Fund's discretion, be cash settled, the Target Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Target Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Management Company considers the underlying assets to be

liquid and tradable, the Target 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. In case of holding alternative assets as cover, the Target Fund should apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embed a financial derivative as well.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be 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;
- Valuation – collateral should be marked-to-market daily by using independent pricing source;
- Credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as 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;
- Haircut - collateral should be subject to prudent haircut policy which should 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. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;
- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and the Target Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;
- Management of operational and legal risks – the Management Company must have appropriate systems, operational capabilities and legal expertise for proper collateral management;

- Independent custody – collateral must be held by the trustee of the Target Fund;
- Enforceability – collateral must be readily accessible/enforceable by the trustee of the Target Fund without further recourse to the issuer of the FDIs or the counterparty of the securities financing transactions;
- Cash collateral – any re-investment of collateral received for the account of the Target Fund shall be subject to the following requirements:
 - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the 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 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. Non-cash collateral received may not be sold, re-invested or pledged;
 - the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in sub-paragraphs (2) and (10) of the section entitled "*Other Investment Restrictions*" above;
 - cash collateral received is not allowed to be further engaged in any securities financing transactions; and
 - 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;
- Encumbrances - collateral should be free of prior encumbrances; and
- Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Management Company:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, debt securities, stocks, funds and money market instruments;

- the issuer of collateral must be of high quality including governments, supranationals, government agencies, substantial financial institution, policy banks or government guaranteed entities with an investment grade credit rating. The rating by a recognised credit rating agency shall be taken into account in the credit assessment process. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;
- no maturity constraints will apply to the collateral received;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out. Cash collateral will not be subject to haircut;
- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the trustee of the Target Fund and may be subject to netting or set-off;
- cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Management Company and notified to investors of the Target Fund.

4.8 Distribution Policy

The Management Company has discretion as to whether or not the Target Fund will make any distribution, the frequency and amount of distribution. Currently the Management Company intends to distribute income to unitholders of the Target Fund monthly having regard to the Target Fund's net income after fees and costs. However, there is no guarantee of regular distribution nor the amount being distributed (if any).

The Management Company may, at its discretion, pay dividend out of capital. The Management Company may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Target Fund are charged to/paid out

of the capital of the Target Fund, resulting in an increase in distributable income for the payment of dividends by the Target Fund and therefore, the Target Fund may effectively pay dividend out of capital. **Investors of the Target Fund should note that payments 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 or effectively out of the Target Fund's capital may result in an immediate reduction in the net asset value per unit of the Target Fund and will reduce any capital appreciation for the unitholders of the Target Fund.**

The distribution policy may be amended subject to the SFC's prior approval (where required) and upon giving not less than one month's prior notice to unitholders of the Target Fund.

Distributions (if declared) will be declared and paid in HKD only. The Management Company will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Management Company's website <https://www.csopasset.com/en/products/hk-hcecc> (this website has not been reviewed by the SFC) and on Hong Kong Exchanges and Clearing Limited's website.

There can be no assurance that a distribution will be paid.

Distribution payment rates in respect of units will depend on factors beyond the control of the Management Company or trustee of the Target Fund including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

4.9 Suspension of Determination of Net Asset Value of the Target Fund

The Management Company may, after consultation with the trustee of the Target Fund, having regard to the best interests of unitholders of the Target Fund, declare a suspension of the determination of the net asset value of the Target Fund for the whole or any part of any period during which:

- a) there is a closure of or restriction or disruption or suspension of trading on any market on which a substantial part of the investments of the Target Fund is normally traded; or
- b) there is a breakdown in any of the means normally employed by the Management Company or the trustee of the Target Fund (as the case may be) in ascertaining the prices of investments or determining the net asset value of the Target Fund; or
- c) for any other reason, the prices of a substantial part of the investments held or contracted for by the Management Company for the account of the Target Fund

- cannot, in the reasonable opinion of the Management Company, reasonably, promptly or fairly be ascertained; or
- d) circumstances exist as a result of which, in the reasonable opinion of the Management Company, it is not reasonably practicable to realise any investments held or contracted for the account of the Target Fund or it is not possible to do so without seriously prejudicing the interests of unitholders of the Target Fund; or
 - e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, any investments of that Target Fund or the subscription or redemption of units of the relevant class is prohibited, restricted, delayed or cannot, in the reasonable opinion of the Management Company, be carried out promptly at normal exchange rates; or
 - f) a breakdown occurs in any of the systems and/or means of communication normally employed in ascertaining the net asset value of the Target Fund or the net asset value per unit, subscription price or issue price (as the case may be) or redemption price of the Target Fund, or when for any other reason the net asset value of the Target Fund cannot be ascertained in a prompt or accurate manner; or
 - g) the existence of any state of affairs as a result of which (i) delivery of securities and/or FDIs comprised in a Basket, (ii) the purchase of securities and/or FDIs; or (iii) the disposal of investments for the time being comprised in the Target Fund's assets cannot, in the opinion of the Management Company, be effected normally or without prejudicing the interests of unitholders of the Target Fund; or
 - h) the dealing of units is suspended pursuant to any order or direction issued by the SFC; or
 - i) in the reasonable opinion of the Management Company, such suspension is required by law or applicable legal process; or
 - j) the business operations of the Management Company, the trustee of the Target Fund, the registrar of the Target Fund and/or their respective delegates in relation to the operation of the Trust are substantially interrupted or closed as a result of arising from pestilence, acts of war, terrorism, insurrection, revolution civil unrest, riots, strikes or acts of God; or
 - k) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a swap entered into on behalf of the Target Fund is linked.

Upon declaration of the suspension by the Management Company, the suspension shall take effect. During the suspension,

- a) there shall be no determination of the net asset value of the Target Fund or the subscription price or issue price (as the case may be) or the redemption price of units in the Target Fund;
- b) (In respect of the Listed Class of units) no application shall be made by any of the participating dealers and in the event any application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such application shall be deemed as having been received immediately following the termination of the suspension;
- c) the Management Company shall be under no obligation to rebalance the deposited property of the Target Fund; and

d) no units shall be created and issued or redeemed for the account of the Target Fund.

The suspension shall terminate (i) when the Management Company, after consultation with the trustee of the Target Fund, having regard to the best interests of the unitholders of the Target Fund, declares the suspension at an end, or (ii) in any event on the day following the first business day of the Target Fund on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension is authorised under the trust deed exists.

The Management Company shall notify the SFC if dealing in units of the Target Fund is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at www.csopasset.com/etf or in such publications as the Management Company decides.

In respect of Listed Class of units, a participating dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an application submitted prior to such suspension by notice in writing to the Management Company and the Management Company shall promptly notify the trustee of the Target Fund accordingly. If the Management Company has not received any such notification of withdrawal of such application before termination of such suspension, the trustee of the Target Fund shall, subject to and in accordance with the provisions of the trust deed, create and issue Listed Class of units or redeem Listed Class of units in respect of such application and such application shall be deemed to be received immediately following the termination of such suspension.

Suspension of Dealing in Listed Class of Units on the SEHK (Secondary Market)

Dealing in Listed Class of units on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

4.10 Fees Charged by the Target Fund

Management Fee	0.99% p.a. of the net asset value of the Target Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.
Service Agent's Fee	A monthly reconciliation fee of HKD5,000 from the Target Fund.
Transaction levy	0.0027% of the trading price of the Listed Class of units, payable by each of the buyer and the seller.
Accounting and	0.00015% of the trading price of the Listed Class of units,

Financial Reporting Council (“AFRC”) transaction levy	payable by each of the buyer and the seller.
Trading fee	0.00565% of the trading price of the Listed Class of units, payable by each of the buyer and the seller.

AS THE FUND WILL BE INVESTING IN THE TARGET FUND, THE FUND WILL INCUR CERTAIN INDIRECT FEES CHARGED BY THE TARGET FUND. ACCORDINGLY, UNIT HOLDERS SHOULD BE AWARE THAT THEY WILL BE SUBJECT TO HIGHER FEES ARISING FROM THE LAYERED INVESTMENT STRUCTURE.

For detailed information of the Target Fund as may be updated and amended from time to time, please refer to the Target Fund’s prospectus available on www.csopasset.com/en/home.

5 RISK FACTORS

All investments carry some degree of risk. Therefore, before making an investment decision, you may consider the different types of risk that may affect the Fund or you individually.

General risks associated with investing in a wholesale fund	
Market Risk	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's net asset value.
Inflation Risk	This is the risk that Sophisticated Investors' investment in the fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce Sophisticated Investors' purchasing power even though the value of the investment in monetary terms has increased.
Manager's Risk	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.
Non-Compliance Risk	<p>This is the risk of the manager or the trustee not complying with their respective internal policies, the deed and its supplemental deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the fund when the manager or the trustee takes action to rectify the non-compliance. For example, non-compliance could occur due to factors such as human error or shortfalls in operational and administrative processes, or external factors such as market movements.</p> <p>This risk may be mitigated by having sufficient internal controls in place to ensure compliance with all applicable requirements at all times.</p>
Loan Financing Risk	This risk occurs when investors take a loan / financing to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the repayments. In the event units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices of units fall below a certain level due to market conditions. Failing

	<p>which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan / financing.</p> <p><i>Note: The Manager does not provide financing for the purchase of units of the Fund. However, if an investor obtains financing from other providers, this is the risk that the investor should be aware of.</i></p>
Country Risk	<p>Investments of the fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the fund in those affected countries. This in turn may cause the net asset value or prices of units to fall.</p>
Suspension Risk	<p>Refers to situation where the Manager suspends dealings of units in a fund (no redemption or subscription are allowed) under exceptional circumstances as set out in Section 7.7 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units. Suspension of a fund may potentially result in Unit Holders not being able to redeem their units into cash based on their liquidity needs and continue to be subject to the risk factors inherent in the fund.</p>

Specific risks associated with the investment portfolio of the Fund	
Risk of a Passive Strategy	<p>As the Fund adopts a passive strategy of investing a minimum of 85% of its NAV into the Target Fund at all times, this strategy would result in the Fund being exposed to the risk of its NAV declining when the Target Fund's net asset value declines. This is because the Fund is closely mirroring the performance of the Target Fund and will not be adopting any temporary defensive strategies in response to such declines. All investment decisions are left with the fund manager of the Target Fund.</p>
Risk of Not Meeting the Fund's Investment Objective	<p>This is the risk that the Fund may deviate from the intended investment objective, the Manager may liquidate the investments in the Target Fund and hold 100% of the Fund's NAV in cash, in order to protect the Unit Holders' interest, under circumstances including but not limited to the following:</p>

	<p>a. there is an adverse change to the regulatory and political regime in which the Target Fund operates;</p> <p>b. there is a material change to the investment objective of the Target Fund; and</p> <p>c. there is an unfavourable change to the feature of the Target Fund (e.g. fees, distribution policy)</p> <p>Subsequently, the Manager, in consultation with the Trustee will decide on whether to terminate the Fund or replace the Target Fund with a new target fund.</p> <p>Note: A replacement of the Target Fund would require Unit Holders' approval. The termination of the Fund would be carried out in accordance with the relevant laws and the provisions of the Deed.</p>
<p>Secondary Trading Risk</p>	<p>The Target Fund is traded on the SEHK. The trading price of the Target Fund on the SEHK may differ from the net asset value per share of the Target Fund and there can be no guarantee that a liquid secondary market will exist for the Target Fund. There can be no assurance that once the Target Fund is listed on the SEHK that it will remain listed. The Manager may proceed to terminate the Fund or replace the Target Fund with another fund if the Target Fund is delisted from the SEHK and the Unit Holders will be notified accordingly.</p>
<p>Currency Risk</p>	<p>As the Fund offers multiple currency Classes, certain Class(es) would be exposed to currency risk. This is the risk associated with investments in certain Class(es) of the Fund which is denominated in currency different from the base currency of the Fund. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk. When the base currency of the Fund depreciates against the denomination currency of certain Class(es), the Class(es) will suffer currency losses. This is in addition to any gains or losses derived from the Fund's investment in the Target Fund.</p> <p>The Manager may at its discretion hedge the currency exposure of any of the Class(es) against the base currency of the Fund to mitigate currency risk for the benefit of the Class(es).</p> <p>However, it should be noted that the Fund's investment in the Target Fund may still be exposed to currency gains or losses resulting from fluctuations in foreign exchange</p>

	rates between the base currency of the Target Fund and the other currencies which the Target Fund may be exposed to.
Distribution Risk	<p>It should be noted that the distribution of income is not guaranteed. Circumstances preventing the distribution of income include, among others, insufficient realised gains or realised income to enable distribution. The Fund may distribute from its realised gains, realised income and capital.</p> <p>Capital distributions represents a return or withdrawal of part of the amount of the Unit Holders' original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV of the Fund and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained.</p>
Redemption Risk	The ability of the Fund to honour requests for redemption in a timely manner is subject to any deferral of redemptions from the Target Fund, the Fund's holding of adequate liquid assets and/ or the Fund's ability to seek borrowings on a temporary basis as permitted by the relevant laws to meet redemption requests. In the event there are insufficient liquid assets, the Manager may have to liquidate the Fund's investments at an unfavourable price.
Liquidity Risk	The Fund will be investing a minimum of 85% of its assets in the Target Fund. There may be exceptional circumstances, which could cause delays in the redemption of shares of the Target Fund and units of the Fund. In the event of exceptional circumstances such as suspension of calculation of net asset value of the Target Fund, no shares of the Target Fund will be redeemed and this will result in a delay of payment of the redemption proceeds to the Target Fund and the Unit Holders.
Taxation Risk / Withholding Tax Risk	This is the risk that the proceeds from the sale of securities and/or the receipt of income may be subject to tax, levies, duties or other charges imposed by the authorities in the Hong Kong. Tax law and practice in the Hong Kong may not be clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change or that the law might be changed with retrospective effect and this may be detrimental to the Fund.

Specific risks associated with the Target Fund

Risk Factors relating to Mainland China

Mainland China market risk.

The Target Fund may invest in Mainland China. Investing in the Mainland China market is subject to the risks of investing in emerging markets generally and the risks specific to the Mainland China market which involves a greater risk of loss than investment in more developed countries due to higher economic, political, social and regulatory uncertainty and risks linked to volatility and market liquidity.

Since 1978, the PRC mainland government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the 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 mainland's political, social or economic policies may have a negative impact on investments in the Mainland China market.

Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities and futures markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares and H-Shares. The PRC mainland securities and futures market has in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future.

Investment in RMB denominated bonds may be made in or outside the PRC mainland. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

Investors of the Target Fund should also be aware that changes in the PRC mainland taxation legislation could affect the amount of income which may be derived, and

the amount of capital returned, from the investments of the Target Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

Foreign exchange control risk

The RMB is not currently a freely convertible currency and is subject to exchange control imposed by the Chinese government. Such control of currency conversion and movements in the RMB exchange rates may adversely affect the operations and financial results of companies in the PRC mainland. Insofar as the Target Fund's assets are invested in the PRC mainland, it will be subject to the risk of the PRC mainland government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Target Fund to satisfy payments to investors.

RMB exchange risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the USD. The RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including USD and HKD, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of RMB will be accelerated cannot be excluded. On the other hand, there can be no assurance that the RMB will not be subject to devaluation. In particular, there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of the RMB could adversely affect the value of investors' investments in the Target Fund. Investors of the Target Fund whose base currency is not the RMB may be adversely affected if the RMB depreciates against the base currency of holding of the investors in that such investors' investments may be worth less when they exchange RMB back to their base currency.

Further, the PRC mainland government's imposition of restrictions on the repatriation of RMB out of Mainland China may limit the depth of the RMB market in Hong Kong and reduce the liquidity of the Target Fund. Any delay in repatriation of RMB may result in delay in payment of redemption proceeds to the redeeming unitholders of the Target Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Target Fund's or the investors' position may be adversely affected.

PRC mainland tax considerations

By investing in securities issued by tax residents in the PRC mainland (including without limitation China A-Shares, exchange traded funds issued and listed in the PRC mainland ("A-Share ETFs") and bonds) ("PRC Mainland Securities"), the Target Fund may be subject to withholding and other taxes imposed in the PRC mainland.

(a) Corporate Income Tax ("CIT")

If the Trust or the Target Fund is considered as a tax resident enterprise of the PRC mainland, it will be subject to PRC mainland CIT at 25% on its worldwide taxable income. If the Trust or the Target Fund is considered as a non-tax resident enterprise with an establishment or place of business ("E&P") in the PRC mainland, the profits attributable to that E&P would be subject to CIT at 25%. Non-resident enterprises without any E&P in the PRC mainland are subject to PRC mainland Withholding Income Tax ("WIT") generally at a rate of 10% to the extent it directly derives the PRC mainland-sourced passive income, unless any specific exemption or reduction is available under current PRC mainland tax laws and regulations or relevant tax treaties.

The Management Company intends to manage and operate the Trust and the Target Fund in such a manner that the Trust and the Target Fund should not be treated as tax resident enterprises of the PRC mainland or non-tax resident enterprises with an E&P in the PRC mainland for CIT purposes, although this cannot be guaranteed.

(i) Interests

Interests derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local governments bonds approved by the State Council shall be exempt from PRC mainland CIT under the CIT law.

Unless a specific exemption / reduction is applicable, for recipients that are non-tax residents without an E&P in the PRC mainland under the CIT law, PRC mainland WIT is levied on the payment of interests on debt instruments issued by PRC mainland tax residents. The general WIT rate applicable is 10%.

The Ministry of Finance (“MOF”) and the State Taxation Administration (“STA”) jointly issued circular Caishui [2018] No. 108 (“Circular 108”) on 22 November 2018, which stipulates that qualified foreign institutional investors (“QFII”) and RMB qualified foreign institutional investors (“RQFII”) are exempt from WIT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China bond market. On 22 November 2021, the MOF and the STA issued Public Notice [2021] No. 34 (“PN 34”) to grant an extension on such exemption to 31 December 2025.

Under the arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the “China-HK Arrangement”), if a Hong Kong tax resident derives interest income from the PRC mainland, the WIT rate can be reduced to 7% provided that the Hong Kong tax resident is the beneficial owner of the interest income under the China-HK Arrangement and other relevant conditions are satisfied, subject to the agreement of the PRC mainland tax authorities. In practice, due to the practical difficulties in demonstrating that an investment fund is the beneficial owner of the interest income received, such investment fund is generally not entitled to the reduced WIT rate of 7%. In general, the prevailing rate of 10% should be applicable to the Target Fund.

(ii) Dividends

Dividends derived from holding PRC Mainland Securities by a non-tax resident recipient from PRC mainland tax residents are subject to the PRC mainland WIT and the general WIT rate applicable is 10%, unless a specific exemption or reduction is applicable.

(iii) Capital gains

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “Stock Connects”)

Pursuant to Caishui [2014] No. 81 (“Circular 81”) and Caishui [2016] No. 127 (“Circular 127”) promulgated by the MOF, the STA and the China Securities Regulatory Commission (“CSRC”) on 14 November 2014 and 5 November 2016 respectively, PRC mainland CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Target Fund) on the trading of A-Shares through the Stock Connects.

Qualified Foreign Investors (“QFIs”)

Caishui [2014] No.79 (“Circular 79”), jointly promulgated by the MOF, the STA and the CSRC on 14 November 2014 states that (i) PRC mainland WIT will be imposed on capital gains obtained by QFIs and RQFIs from the transfer of PRC mainland equity investment assets (including PRC mainland domestic stocks) realised prior to 17 November 2014 in accordance with the tax laws; and (ii) QFIs and RQFIs (without an E&P in the PRC mainland or having an establishment in the PRC mainland but the income so derived in Mainland China is not effectively connected with such establishment) will be temporarily exempted from WIT on gains derived from the transfer to PRC mainland equity investment assets (including PRC mainland A-Shares and A-Share ETFs) effective from 17 November 2014.

Based on Circular 79, Circular 81 and Circular 127, no provision for gross realised or unrealised capital gains derived by the Target Fund from trading of A-Shares and A-Shares ETFs via QFI, Stock Connects or swap is made by the Management Company on behalf of the Target Fund.

There are currently no specific tax rules or regulations governing the taxation of capital gains realised by foreign investors on the disposal of bonds or fixed income securities. As mentioned above, the temporary exemption granted under Circular 79 applies to equity investment only, and Circular 79 is silent on whether the exemption is also applicable to non-equity investment such as PRC mainland debt securities and other investments.

Based on the current verbal interpretation of the STA and the local PRC mainland tax authorities, debt or fixed income securities can be regarded as movable properties, and capital gains derived by foreign investors from investment in PRC mainland debt or fixed income securities via QFIs should not be treated as PRC mainland-sourced income and thus not subject to PRC mainland WIT. However, there are no written tax regulations issued by the PRC mainland tax authorities to explicitly clarify such treatment.

As a matter of practice, the collection of such 10% PRC mainland WIT on capital gains realised by non-PRC mainland resident enterprises from the trading of PRC mainland debt or fixed income securities has not been strictly enforced by the PRC mainland tax authorities. There is a possibility of the PRC mainland tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC mainland tax laws, regulations and practice. There is a risk that taxes may be levied in future on the Target Fund for which no provision is made, which may potentially cause substantial loss to the Target Fund.

Investor of the Target Fund should note that the aforesaid tax filing and tax treaty application are made in accordance with the prevailing tax rules and practices of the PRC mainland tax authority at the time of submission. The net asset value of the Target Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in

interpretation of the relevant regulations by the PRC mainland tax authority.

The Management Company will closely monitor any further guidance by the relevant PRC mainland and Hong Kong tax authorities and adjust the withholding policy of the Target Fund accordingly. The Management Company will act in the best interest of the Target Fund at all times.

(b) Value-added Tax (“VAT”)

The MOF and the STA issued Caishui [2016] No. 36 (“Circular 36”) on 23 March 2016 announcing that the VAT transform program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

(i) *Capital gains*

According to Circular 36 and Circular Caishui [2016] No. 70, capital gains derived by QFIs and RQFIs on trading of marketable securities are exempted from VAT. According to Circular 81 and Circular 127, foreign investors which derive capital gains from trading activities via the Stock Connects are also exempted from VAT. Therefore, to the extent that the Target Fund’s investments (such as A-Shares and A-Shares ETFs, access products or debt instruments) are conducted through QFI, Stock Connects or swap, the capital gains should be exempted from VAT.

(ii) *Interests / Dividends*

Deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT. Interest received by foreign investors (including QFIs) from non-government bonds (including corporate bonds) issued by PRC mainland tax resident enterprises should technically be subject to 6%.

According to Circular 108, it stipulates that foreign institutional investors are temporarily exempt from VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China bond market.

According to PN 34, such exemption is extended to 31 December 2025.

Dividend income or profit distributions on equity investment derived from Mainland China are not included in the taxable scope of VAT.

Generally speaking, if VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax (“UCMT”), Education Surcharge (“ES”) and Local Education Surcharge (“LES”)) that would amount to as high as 12% of VAT payable. Pursuant to the UCMT Law and Public Notice [2021] No. 28 jointly issued by the MOF and the STA, effective from 1 September 2021, no UCMT, ES and LES would be levied on the VAT paid for the service provisions and sale of intangible assets in PRC mainland by overseas parties to PRC mainland parties. However, in practice, it is uncertain whether the exemption would apply to investment income derived by foreign institutional investors and the implementation may vary depending on the local practice.

(c) Stamp duty

Stamp duty under the PRC mainland laws generally applies to the execution and receipt of all taxable documents listed in the PRC mainland’s Stamp Duty Law. Stamp duty is levied on the execution or receipt in Mainland China of certain documents, including contracts for the sale of China A-Shares and B-Shares traded on the PRC mainland stock exchanges. In the case of contracts for sale of China A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1% of the sales consideration.

Stamp duty is not expected to be imposed on non-tax resident holders of government and corporate bonds, either upon issuance or subsequent transfer of such bonds.

(d) Swap arrangement

The Target Fund may gain economic exposure to A-Share through swap. A swap counterparty may implement hedge arrangements by acquiring A-

Shares using QFI status (that of either itself, a third party or an affiliate), which will be subject to PRC mainland taxation as mentioned before. As a result, PRC mainland tax liabilities (if any) accruing to the swap counterparty under the hedge arrangements may ultimately be charged to the Management Company or the Target Fund contractually and would likely have an economic effect on the value of the Target Fund.

(e) General

Various tax reform policies have been implemented by the PRC mainland 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 the PRC mainland will be changed with retrospective effect in the future and any such change may have an adverse effect on the net asset value of the Target 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 the PRC mainland which the Target Fund invests in, thereby reducing the income from, and/or value of the units.

(f) Tax Provision

In order to meet the potential tax liability on capital gains arising from disposal of PRC Mainland Securities, the Management Company reserves the right to provide for WIT on such gains and withhold the tax for the account of the Target Fund. The Management Company will at the inception of the Target Fund decide whether the investment objective and policies of the Target Fund would necessitate the making of tax provisions in respect of the Target Fund for the above tax obligations. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. Where any provision is made, the level of the provisioning will be set out in Target Fund Prospectus and amount of actual provision will be disclosed in the financial reports of the Target Fund. With the uncertainties under the applicable PRC mainland tax laws and the possibility of such laws being changed and taxes

being applied retrospectively, any provision for taxation made by the Management Company may be excessive or inadequate to meet actual PRC mainland tax liabilities on gains derived from investments held by the Target Fund. Upon any future resolution of the abovementioned uncertainty or further changes to tax law or policies, the Management Company will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary. Investors of the Target Fund should note that if provision for taxation is made, such provision may be excessive or inadequate to meet actual PRC mainland tax liabilities on investments made by the Target Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC mainland tax authorities. If no provision for potential WIT is made and in the event that the PRC mainland tax authorities enforce the imposition of such WIT in respect of the Target Fund's investment, the net asset value of the Target Fund may be affected. As a result, redemption proceeds or distributions may be paid to the relevant unitholders of the Target Fund without taking full account of tax that may be suffered by the Target Fund, which tax will subsequently be borne by the Target Fund and affect the net asset value of the Target Fund and the remaining units in the Target Fund. In this case, the then existing and new unitholders of the Target Fund will be disadvantaged from the shortfall.

On the other hand, if the provision is in excess of the final PRC mainland tax liabilities attributable to the Target Fund, the excess will be distributed to the Target Fund and reflected in the value of units in the Target Fund. Notwithstanding the foregoing, please note that no unitholders of the Target Fund who have realised their units in the Target Fund before the distribution of any excess provision to the Target Fund shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to the Target Fund, which amount would be reflected in the value of units in the Target Fund. Therefore, unitholders of the Target Fund who have redeemed their units will be disadvantaged as they would have borne the loss from the overprovision for PRC mainland tax.

Unitholders of the Target Fund should seek their own tax advice on their tax position with regard to their investment in the Target Fund.

It is possible that the current tax laws, regulations and practice in the PRC mainland will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC mainland investments than currently contemplated.

PRC mainland law and regulations risk

The PRC mainland's legal system is based on written statutes and, therefore, prior court decisions do not have binding legal effect, although they are often followed by judges as guidance. The PRC mainland government has been developing a comprehensive system of commercial laws, and considerable progress has been made in promulgating laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, enforcement of such laws and regulations may be uncertain and sporadic, and implementation and interpretation of such laws and regulations may be inconsistent. The PRC mainland's judiciary is relatively inexperienced in enforcing the existing laws and regulations, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. Even where adequate laws exist in the PRC mainland, it may be difficult to obtain swift and equitable enforcement of such laws, or to obtain enforcement of a judgment by a court of another jurisdiction. The introduction of new Chinese laws and regulations and the interpretation of existing ones may be subject to policy changes reflecting domestic political or social changes. The regulatory and legal framework for capital markets and joint stock companies in the PRC mainland may not be as well developed as those of developed countries. PRC mainland laws and regulations affecting securities and futures markets are relatively new and evolving. As the PRC mainland's legal system develops, there can be no assurance that changes in such legislation or interpretation thereof will not have an adverse effect upon the business and prospects of the Target Fund's portfolio investments in Mainland China.

Investment risks*General risks involved in investing in Target Fund*

An investment in units of the Target Fund involves risks similar to those of investing in a broad-based portfolio of securities and/or FDIs traded on exchanges in the relevant overseas securities and FDI market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in security prices. The principal risk factors, which could decrease the value of an investor's investment, are listed and described below:

- Less liquid and less efficient securities and futures markets;
- Greater price volatility especially for Target Fund's investment in equity securities;
- Exchange rate fluctuations and exchange controls;
- Less publicly available information about issuers;
- The imposition of restrictions on the expatriation of funds or other assets of the Target Fund;
- Higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- Difficulties in enforcing contractual obligations;
- Lesser levels of regulation of the securities and futures markets;
- Different accounting, disclosure and reporting requirements;
- More substantial government involvement in the economy;
- Higher rates of inflation; and
- Disruption of normal market trading and valuation of securities and/or FDIs due to extreme market conditions, natural catastrophes, greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and war or terrorism.

Investment Risk

The Target Fund is not principal guaranteed.

Securities Risk

The investments of the Target Fund are subject to risks inherent in all securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. The global markets are currently experiencing very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

Equity Risk

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. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

Risk of Indemnity

Under the trust deed, the trustee of the Target Fund and the Management Company (and their respective directors, officers and employees) shall be entitled, except to the extent of any fraud, negligence, or wilful default on its (or their) part, to be indemnified and held harmless out of the assets of the Target Fund in respect of any (in addition to any right of indemnity given by law) action, costs, claims, damages, expenses or liabilities to which it (or they) may be put or which it (or they) may incur by virtue of the proper performance of their respective duties. Any reliance by the trustee of the Target Fund or the Management Company on the right of indemnity would reduce the assets of the Target Fund and the value of the units.

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, etc. 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 unit of the Target Fund. The price of units and the income from them 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

capital return and income of the Target Fund is based on the capital appreciation and income on the securities and/or FDIs it holds, less expenses incurred. The Target Fund's return may fluctuate in response to changes in such capital appreciation or income.

Asset Class Risk

Although the Management Company is responsible for the continuous supervision of the investment portfolio of the Target Fund, the returns from the types of securities and/or FDIs in which the Target Fund invests may underperform returns from other securities and/or FDIs markets or from investment in other assets. Different types of securities and/or FDIs tend to go through cycles of out-performance and underperformance when compared with other general securities and/or FDIs markets.

Financial Derivative Instruments and Collateral Risks

The risks associated with the use of FDIs are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. The Target Fund investing in FDIs may utilise both exchange-traded and OTC derivatives. Compared to equity securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in the Target Fund is exposed to a higher degree of fluctuation in value than a sub-fund which does not invest in FDIs. Transactions in OTC FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and OTC transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Target Fund. Exposure to FDIs may lead to a high

risk of significant loss by the Target Fund. There is no assurance that any derivative strategy used by the Target Fund will succeed.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any FDI transactions may be affected by market events. In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the Target Fund's exposure to such counterparty to be under-collateralised. If the Target Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

The Target Fund may use investment techniques, including investments in FDIs, such as futures contracts and swaps that may be considered aggressive. The use of FDIs may result in larger losses or smaller gains than investing in or shorting the securities included in the relevant underlying index. Investments in these FDIs may generally be subject to market risks that cause their prices to fluctuate more than an investment directly in a security and may increase the volatility of the Target Fund. The use of FDIs may expose the Target Fund to additional risks such as counterparty risk, liquidity risk and increased daily correlation risk. When the Target Fund uses FDIs, there may be imperfect correlation between the value of the underlying reference assets and the FDI, which may prevent the Target Fund from achieving its investment objective.

The Target Fund may use either a futures-based strategy, a swap-based synthetic strategy or a combination of both strategies. With respect to the use of swap agreements, if the underlying index has a dramatic intraday move in value that causes a material decline in the Target Fund's net asset value, the terms of the swap agreement

between the Target Fund and its swap counterparty may allow the swap counterparty to immediately close out of the transaction with the Target Fund. In such circumstances, the Target Fund may be unable to enter into another swap agreement or invest in other FDI to achieve the desired exposure consistent with the Target Fund's investment objective. Any financing, borrowing or other costs associated with using FDIs may also have the effect of lowering the Target Fund's return. In addition, the Target Fund's investments in FDIs are subject to the following risks:

- **Swaps.** Swaps are entered into primarily with major global financial institutions for a specified period which may range from one day to more than one year. In a standard swap transaction, two parties agree to exchange the return (or differentials in rates of return) earned or realised on particular predetermined reference or underlying securities or instruments. The gross return to be exchanged or swapped between the parties is calculated based on a notional amount or the return on or change in value of a particular dollar amount invested in a basket of securities representing a particular index. Total return swaps are subject to counterparty risk, which relates to credit risk of the swap counterparty and liquidity risk of the swaps themselves.
- **Futures Contracts.** A futures contract is a contract to purchase or sell a particular security, or the cash value of an index, at a specified future date at a price agreed upon when the contract is made. Under such contracts, no delivery of the actual securities is required. Rather, upon the expiration of the contract, settlement is made by exchanging cash in an amount equal to the difference between the contract price and the closing price of a security or index at expiration, net of the variation margin that was previously paid.

Risks relating to sale and repurchase agreements

In the event of the failure of the counterparty with which collateral has been placed, the Target 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. The Target Fund may also be subject to legal risk,

operational risk, liquidity risk of the counterparty and custody risk of the collateral.

Risks relating to reverse-repurchase agreements

In the event of the failure of the counterparty with which cash has been placed, the Target 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. The Target Fund may also be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral.

Concentration Risk

The Management Company may invest a significant percentage or all of the assets of the Target Fund in a single security (or FDI), group of securities (or FDIs), industry or group of industries, and the performance of the Target Fund could be closely tied to that security (or FDI), group of securities (or FDIs), industry or group of industries and could be more volatile than the performance of other more diversified funds, and be more susceptible to any single economic, market, political or regulatory occurrence.

Single country risk

The investments of the Target Fund which invest in a single country, are not as diversified as regional funds or global funds. This means that the Target Fund tend to be more volatile than other mutual funds and its portfolio value can be exposed to country specific risks.

Foreign Security Risk

The Target Fund may invest entirely within or may relate to the equity markets of a single country or region. These markets may be subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. Investing in the securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, disclosure, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange

control regulations, the imposition of restrictions on the expatriation of funds or other assets of the Target Fund, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

Management Risk

The Target Fund may be subject to management risk. This is the risk that the Management Company's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, in the interest of the Target Fund, the Management Company has absolute discretion to exercise shareholders' rights with respect to securities and/or FDIs comprising the Target Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Target Fund being achieved. Investors should also note that in certain cases, none of the Management Company, the Target Fund or the unitholders of the Target Fund has any voting rights with respect to securities and/or FDIs comprising the Target Fund.

Restricted markets risk

The Target Fund may invest in securities in jurisdictions (including Mainland China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Target 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.

Possible Business Failure Risk

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures.

Reliance on the Management Company

Unitholders of the Target Fund must rely upon the Management Company in formulating the investment strategies and the performance of the Target Fund is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Management Company or any of its key personnel, as well as any significant interruption of the Management Company's business operations or in the extreme case of the insolvency of the Management Company, the trustee of the Target Fund may not find successor managers quickly and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in the Target Fund's performance and investors may lose money in those circumstances.

Counterparty Risk

The Management Company for the account of the Target Fund, may enter into transactions with financial institutions, such as brokerage firms, broker-dealers and banks, may enter into transactions in relation to Target Fund's investments. The Target Fund may be exposed to the risk that such financial institutions, being a counterparty may not settle a transaction in accordance with market practice due to a credit or liquidity problem of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Target Fund to suffer a loss.

The Target Fund may invest in FDIs such as futures contracts and/or swaps involving counterparties for the purpose of attempting to gain exposure to a relevant underlying index without actually purchasing those securities or investments. The use of these FDIs involves risks that are different from those associated with securities. For example, the Target Fund is exposed to the risk that the swap counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the swap counterparty. If the swap counterparty becomes bankrupt or defaults on its payment obligations to the Target Fund, it may not receive the full amount it is entitled to receive. In addition, the Target Fund may enter into swap agreements with a

limited number of counterparties, which may increase the Target Fund's exposure to counterparty credit risk. The Target Fund does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for the Target Fund to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with the Target Fund and, as a result, the Target Fund may not be able to achieve its investment objective. The Target Fund will not enter into any agreement involving a swap counterparty unless the Management Company believes that the other party to the transaction is creditworthy.

In addition, the Target Fund may be exposed to the counterparty risk of a custodian, bank or financial institution ("custodian or depository") with which it deposits its securities, FDIs and/or cash. These custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In these circumstances the Target Fund may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the Target Fund's assets.

Borrowing Risks

The trustee of the Target Fund, on the instruction of the Management Company, may borrow for the account of the Target Fund (up to 10% of the net asset value of the Target Fund) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Target Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the Target 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 Target Fund will be able to borrow on favourable terms, or that the Target Fund's indebtedness will be accessible or be able to be refinanced by the Target Fund at any time.

Accounting standards and disclosure

The Management Company intends to adopt Hong Kong Financial Reporting Standards ("HKFRS") in drawing up the annual financial reports of the Trust and the Target Fund. However, investors should note that the calculation

of the net asset value for determining fees and for subscription and redemption purposes will not necessarily be in compliance with generally accepted accounting principles, that is, 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, listed investments may be valued by reference to the last traded price or the official closing price instead of bid and ask pricing as required under HKFRS. Accordingly, investors should note that the net asset value as described in the Target Fund's prospectus may not necessarily be the same as the net asset value to be reported in the annual financial reports as the Management Company may make necessary adjustments in the annual financial reports to comply with HKFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile values as shown in the annual financial reports prepared in accordance with HKFRS to those derived by applying the relevant Trust's valuation rules.

Risk of early termination

Under the terms of the Trust Deed and as summarised under the Target Fund's prospectus, the Management Company or the trustee of the Target Fund may terminate the Trust or the Target Fund under certain circumstances.

In the event of the early termination of the Target Fund, the Target Fund would have to distribute to the unitholders their pro rata interest in the assets of the Target Fund in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by the Target Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the unitholders. Moreover, any organisational expenses with regard to the Target Fund that had not yet become fully amortised would be debited against the Target Fund's net assets at that time. Any amount distributed to the unitholders of the Target Fund may be more or less than the capital invested by such unitholders.

Emerging Market Risk

Some overseas markets in which the Target Fund may invest are considered emerging market countries. The economies of many emerging markets are still in the early

stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Emerging market regions are also subject to special risks including, but not limited to: generally less liquid and less efficient securities and futures markets; generally greater price volatility; exchange rate fluctuations and exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose the Target Fund to sub-custodial risk in circumstances whereby the trustee of the Target Fund will have no liability as provided under the provisions of the trust deed; the risk of expropriation of assets and the risk of war.

Risk of War or Terrorist Attacks

There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on the markets in which investments of the Target Fund may be located and the corresponding political and/or economic effects arising therefrom if any, may in turn adversely affect the operation and profitability of the Target Fund.

Cross class liability risk

The trust deed allows the trustee of the Target Fund and the Management Company to issue units in separate classes. The trust deed provides for the manner in which liabilities are to be attributed across the various classes within the Target Fund under the Trust (liabilities are to be

attributed to the specific class of the Target Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant class (in the absence of the trustee of the Target Fund granting that person a security interest). However, the trustee of the Target Fund will have a right of reimbursement and indemnity out of the assets of the Trust which may result in unitholders of one class of units of the Target Fund being compelled to bear the liabilities incurred in respect of another class of the Target Fund which units such unitholders do not themselves own if there are insufficient assets attributable to that other class to satisfy the amount due to the trustee of the Target Fund. Accordingly, there is a risk that liabilities of one class of the Target Fund may not be limited to that particular class and may be required to be paid out of one or more other classes of the Target Fund.

Cross sub-fund liability risk

The assets and liabilities of the Target Fund under the Trust will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other sub-funds, and the trust deed provides that the assets of each sub-fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular sub-fund will not be used to satisfy the liabilities of any other sub-fund.

Dividends may not be paid

Whether the Target Fund will pay distributions on units is subject to the Management Company's distribution policy and also depends on dividends declared and paid in respect of the securities comprising the Target Fund. Instead of distributing dividends to unitholders, the Management Company may in its discretion use dividends received from the securities comprising the Target Fund to pay the Target Fund's expenses. Dividend payment rates in respect of such securities comprising the Target Fund will depend on factors beyond the control of the Management Company or trustee of the Target Fund including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Distributions paid out of capital risk

In respect of the Target Fund, the Management Company may, at its discretion, pay dividend out of capital. The Management Company may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Target Fund are charged to/paid out of the capital of the Target Fund, resulting in an increase in distributable income for the payment of dividends by the Target Fund. The Target Fund may therefore effectively pay dividend out of capital. Please refer to the Target Fund's dividend policy, including whether or not the Target Fund may pay dividend out of capital or effectively out of capital. Investors of the Target Fund should note that the payment of distributions out of 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. Any such distributions may result in an immediate reduction in the net asset value per unit of the Target Fund.

No Right to Control Target Fund's Operation

Investors of the Target Fund will have no right to control the daily operations, including investment and redemption decisions, of the Target Fund.

Difficulties in valuation of investments

Securities and/or FDIs acquired on behalf of the Target 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 the securities and/or FDIs comprising the Target Fund is available (for example, when the secondary markets on which the securities and/or FDIs are traded have become illiquid) the Management Company may apply valuation methods to ascertain the fair value of such securities and/or FDIs, pursuant to the trust deed.

Securities 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 of the market place. The Target Fund's value will be affected by such price movements and could be volatile, especially in the short-term.

Effect of redemptions

If significant redemptions of units are requested by the participating dealers or unitholders of unlisted class of Units, it may not be possible to liquidate the Target Fund's investments at the time such redemptions are requested or the Management Company may be able to do so only at prices which the Management Company believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of units are requested by the participating dealers or unitholders of unlisted class of units, the right to require redemptions in excess of 10% of the total number of units of the Target Fund then in issue (or such higher percentage as the Management Company may determine) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Management Company of the Target Fund may also in certain circumstances suspend the determination of the net asset value of the Target Fund for the whole or any part of any period. Please see Section 4.9 Suspension of Determination of Net Asset Value of the Target Fund for further details.

Severe weather conditions

The SEHK has announced that, from 23 September 2024, on any day on which severe weather conditions persist (i.e. Typhoon Signal No. 8 or above is hoisted, or Black Rainstorm Warning is issued by the Hong Kong Observatory, or a situation of "Extreme Conditions" is announced by the Hong Kong Government), trading, clearing and settlement services and operations will continue in both the securities and derivatives markets in Hong Kong, and the SEHK will maintain normal operations to the furthest extent possible.

Accordingly, the Listed Classes of the Target Fund will be traded on the SEHK on such days, if the SEHK maintains normal operations.

The implementation of trading and dealing of units of the Trust (and the Target Fund) will depend on the operational support of its service providers. Although system testing has been performed, and contingency plans have been developed, there is a possibility of

	<p>extreme events (e.g. temporary power outages or the suspension of electronic money transfer channels) so that service providers of the Trust may not be able to operate, or to operate at the usual level.</p> <p>While the Management Company, the trustee of the Target Fund and other service providers of the Trust will take appropriate measures to ensure normal operations as far as possible, to facilitate the investment in different classes of units, in both the primary and the secondary markets, investors should note that their ability to invest will also depend on the availability of the services of their own service providers. For example, investors who wish to invest in the Listed Classes of units of the Target Fund will have to do so through their brokers. These service providers are independent of the Management Company, and it cannot be guaranteed that their services will not be disrupted by severe weather events.</p>
<p>Market Trading Risks (applicable to the Listed Class of units only)</p>	<p><i>Trading Risk</i></p> <p>While the creation/redemption feature of the Trust is designed to make it more likely that Listed Class of units will trade close to their net asset value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in the Listed Class of units trading at a significant premium / discount to its net asset value. Also, there can be no assurance that an active trading market will exist or maintain for the Listed Class of units of the Target Fund on any securities exchange on which such Listed Class of units may trade.</p> <p>The net asset value of the Listed Class of units of the Target Fund will also fluctuate with changes in the market value of the Target Fund's holdings of securities and/or FDIs and changes in the exchange rate between the base currency and the subject foreign currency. The market prices of the Listed Class of units will fluctuate in accordance with changes in net asset value and supply and demand on any exchange on which the Listed Class of units are listed. The Management Company cannot predict whether the Listed Class of units will trade below, at or above their net asset value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for the Listed Class of units will be closely related, but not identical, to the same forces influencing the prices of the securities and/or FDIs trading individually or in the aggregate at any</p>

point in time. Given, however, that the Listed Class of units must be created and redeemed in application unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their net asset value), the Management Company believes that ordinarily large discounts or premiums to the net asset value of the Listed Class of units should not be sustained. In the event that the Management Company suspends creations and/or redemptions of the Listed Class of units of the Target Fund, the Management Company expects larger discounts or premiums between the secondary market price of the Listed Class of units and the net asset value.

There is no certain basis for predicting the sizes in which the Listed Class of units in the Target Fund may trade. There can be no assurance that the Listed Class of units in the Target Fund will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

No Trading Market in the Units

There may be no liquid trading market for the Listed Class of units of the Target Fund notwithstanding the listing of such Listed Class of units on the SEHK and the appointment of one or more market makers. Further, there can be no assurance that the Listed Class of units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions.

Reliance on Market Maker(s)

Although it is the Management Company's intention that there will always be at least one market maker in respect of the Listed Class of units, investors should note that liquidity in the market for the Listed Class of units may be adversely affected if there is no market maker for the Target Fund. It is possible that where there is only one SEHK market maker to the Listed Class of units of the Target Fund and therefore it may not be practical for the Target Fund to remove the only market maker to the Target Fund even if the market maker fails to discharge its duties as the sole market maker.

Reliance on Participating Dealer(s)

The issuance and redemption of Listed Class of units may only be effected through participating dealer(s). A participating dealer may charge a fee for providing this service. Participating dealer(s) will not be able to issue or redeem Listed Class of units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS is disrupted. In addition, participating dealer(s) will not be able to issue or redeem Listed Class of units if some other event occurs which impedes the calculation of the net asset value of the Target Fund or disposal of the securities and/or FDIs comprising the Target Fund cannot be effected. Where a participating dealer appoints a participating dealer agent ("PD Agent") to perform certain CCASS-related functions, if the appointment is terminated and the participating dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Listed Class of units by such participating dealer may also be affected. Since the number of participating dealers at any given time will be limited, and there may even be one participating dealer at any given time, there is a risk that investors may not always be able to create or redeem Listed Class of units freely.

Absence of active market / liquidity risk

The Listed Class of units of the Target Fund may not initially be widely held upon their listing on the SEHK. Accordingly, any investor of the Target Fund buying Listed Class of units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, one or more market makers have been appointed.

There can be no assurance that an active trading market for Listed Class of units of the Target Fund will develop or be maintained. In addition, if the securities and/or FDIs which comprise the Target Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Listed Class of units and the ability of an investor to dispose of its Listed Class of units at the desired price. If investors of the Target Fund need to sell Listed Class of units at a time when no active market for them exists, the price they receive for such Listed Class of units — assuming they are able to sell

them — would likely be lower than the price received if an active market did exist.

In addition, the price at which securities and/or FDIs may be purchased or sold by the Target Fund upon any rebalancing activities or otherwise and the value of the Listed Class of units may be adversely affected if trading markets for the securities and/or FDIs comprising the Target Fund are limited, inefficient or absent or if bid-offer spreads are wide.

Restrictions on creation and redemption of units

Investors of the Target Fund should note that an investment in the Listed Class of units of the Target Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the Management Company). The Listed Class of units of the Target Fund may only be created and redeemed in application unit sizes directly by a participating dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the participating dealer). Other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a participating dealer) to create or redeem Listed Class of units in application unit sizes through a participating dealer which reserves the right to refuse to accept a request from an investor to create or redeem Listed Class of units under certain circumstances. Alternatively, investors may realize the value of their Listed Class of units by selling their Listed Class of units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended.

Units may trade at prices other than net asset value

The net asset value of the Target Fund represents the fair price for buying or selling units. As with any listed fund, the market price of Listed Class of units may sometimes trade above or below its net asset value. There is a risk, therefore, that unitholders of the Target Fund may not be able to buy or sell Listed Class of units at a price close to this net asset value. The deviation from net asset value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for securities and/or FDIs comprising the Target Fund. The “bid/ask” spread (being the difference

between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from net asset value. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from net asset value. Please also note that the fact that an investor purchases the Listed Class of units from the secondary market with premium does not mean that such investor is guaranteed of the return of the premium an investor pays. In the event that an investor is unable to get back the premium he pays, and he will suffer loss when selling the Listed Class of units.

Costs of trading units risk

Trading of Listed Class of units on the SEHK may involve various types of costs that apply to all securities transactions. When trading Listed Class of units through a broker, investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Listed Class of units (bid price) and the price at which they are willing to sell Listed Class of units (ask price). Frequent trading may detract significantly from investment results and an investment in Listed Class of units may not be advisable particularly for investors who anticipate regularly making small investments.

Secondary market trading risk

Listed Class of units may trade on the SEHK when the Target Fund does not accept orders to subscribe or redeem units of the Target Fund. On such days, Listed Class of units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Target Fund accepts subscription and redemption orders.

Differences in dealing, fee and cost arrangements between Listed Class and unlisted class of units

The Target Fund may offer both Listed Class of units and unlisted class of units. Dealing arrangements in respect of Listed Class of units and unlisted class of units are different, and depending on market conditions, investors of the Listed Class of units may be at an advantage compared to investors of the unlisted class of units, or vice versa.

Unlike investors of Listed Class of units who may buy and sell units in the secondary market during SEHK trading

	<p>hours, investors of unlisted class of units are only able to subscribe and redeem at the relevant subscription price and redemption price (as the case may be) based on the latest available net asset value as at the end of each Dealing Day. As such, holders of Listed Class of units would have intra-day trading opportunities which will not be available to holders of unlisted class of units. In a stressed market scenario, holders of Listed Class of units can sell their units on the secondary market during SEHK trading hours if the market continues to deteriorate, while holders of unlisted class of units will not be able to do.</p> <p>Conversely, secondary market investors generally do not have access to the redemption facilities which are available to investors of unlisted class of units. During stressed market conditions, participating dealers may, on their own account or on behalf of primary market investors, redeem Listed Class of units on the primary market at the net asset value of the Target Fund, but the secondary market trading prices may have diverged from the corresponding net asset value. In such circumstances, holders of the Listed Class of units in the secondary market will be at an apparent disadvantage to holders of the unlisted class of units as the latter will be able to redeem from the Target Fund at net asset value whilst the former will not.</p> <p>The net asset value per unit of each of the Listed Class of units and unlisted class of units may also be different due to the different fees and costs applicable to each class of units.</p>
<p>Regulatory Risks</p>	<p><i>Legal and Regulatory Risk</i></p> <p>The Target Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the Target Fund's investment policy and objective. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the underlying securities and/or FDIs comprising the Target Fund and as a result the performance of the Target Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Target Fund. In the worst case scenario, a unitholder of the Target Fund may lose a material part of its investment in the Target Fund.</p>

	<p><i>Risk relating to de-listing (applicable to Listed Class of units only)</i></p> <p>The SEHK imposes certain requirements for the continued listing of securities, including the Listed Class of units, on the SEHK. Investors cannot be assured that the Target Fund will continue to meet the requirements necessary to maintain the listing of Listed Class of units on the SEHK or that the SEHK will not change the listing requirements. If the Listed Class of units are delisted from the SEHK, the Management Company may, in consultation with the trustee of the Target Fund, seek the SFC's prior approval to operate only unlisted class of units in respect of the Target Fund (subject to any necessary amendments to the rules of the Target Fund) or terminate the Target Fund and will notify investors accordingly.</p> <p><i>Risk of suspension of trading on the SEHK</i></p> <p>If trading of the Listed Class of units of the Target Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Listed Class of units. The SEHK may suspend the trading of Listed Class of units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of Listed Class of units may also be suspended if the trading of Listed Class of units is suspended.</p> <p><i>Taxation</i></p> <p>Investing in the Target Fund may have tax implications for a unitholder of the Target Fund depending on the particular circumstances of each unitholder of the Target Fund. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the units. Such tax consequences may differ in respect of different investors.</p>
<p>Risks associated with Foreign Account Tax Compliance Act</p>	<p>Sections 1471 – 1474 (referred to as “FATCA”) of the US Internal Revenue Code of 1986, as amended (“IRS Code”) will impose new rules with respect to certain payments to non-US persons, such as the Trust and the Target Fund, 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 withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to</p>

enable the US Internal Revenue Service (“IRS”) to identify US persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “FFI”), such as the Trust and the Target Fund (and, generally, other investment funds organized outside the US), generally will be required to enter into an agreement (an “FFI Agreement”) with the US IRS under which it will agree to identify its direct or indirect owners who are US persons and report certain information concerning such US person owners to the US IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as “withholdable payments.” It is expected that certain non-US source payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

Hong Kong entered into an intergovernmental agreement with the US on 13 November 2014 (“IGA”) for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under this “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Trust and the Target Fund) would be required to enter into the FFI Agreement with the US IRS, register with the US IRS and comply with the terms of FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been signed between Hong Kong and the US, FFIs in Hong Kong (such as the Trust and the Target Fund) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant

accounts (provided that information regarding such recalcitrant account holders is reported to the US IRS), but may be required to withhold tax on payments made to non-compliant FFIs.

The Trust and Target Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Trust or Target Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Trust or Target Fund does suffer US withholding tax on its investments as a result of non-compliance, the net asset value of the Trust or Target Fund may be adversely affected and the Trust or Target Fund may suffer significant loss as a result.

In the event a unitholder of the Target Fund does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Trust or the Target Fund, or a risk of the Trust or the Target Fund being subject to withholding tax under FATCA, the Management Company on behalf of the Trust and Target Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such unitholder of the Target Fund to the US IRS; and/or (ii) withholding, deducting from such unitholder's account, or otherwise collecting any such tax liability from such unitholder of the Target Fund. The Management Company in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations. As at the date of this Target Fund Prospectus, all units in the Target Fund are registered in the name of HKSCC Nominees Limited. It is the Management Company's understanding that Hong Kong Securities Clearing Company Limited has completed registration with the IRS as a "Reporting Financial Institution under a Model 2 IGA".

The Target Fund has been registered with the IRS as at the date of the Target Fund Prospectus. The Management Company has taken competent tax advice and confirms that the Trust itself is not required to be registered with the IRS for FATCA-compliance purpose.

	<p>Each unitholder of the Target Fund and prospective investor of the Target Fund should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.</p>
<p>Active Investment Management Risk</p>	<p>The Management Company employs an actively managed investment strategy for the Target Fund. In addition to seeking to obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing directly in constituent equity securities of the Reference Index and HSCEI ETF and long positions of HSCEI Futures, the Target Fund also writes call options on the Reference Index.</p> <p>For the avoidance of doubt, the Target Fund does not seek to track any index or benchmark (including the Reference Index), and there is no replication or representative sampling conducted by the Management Company. The Target Fund may fail to meet its objective as a result of the Management Company's selection of investments for the Target Fund, and/or the implementation of processes which may cause the Target Fund to underperform as compared to direct investments in the constituent equity securities of the Reference Index.</p> <p>Whilst it is the intention of the Management Company to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Management Company may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors of the Target Fund may not recoup the original amount invested in the Target Fund or may lose a substantial part or all of their initial investment.</p>
<p>Covered Call Option Writing Risk</p>	<p>The Target Fund adopts a covered call strategy which involves writing call options on the Reference Index. A covered call strategy offers some downside protection but limits potential upside. Notwithstanding the downside protection of a covered call strategy, unitholders of the Target Fund will still suffer substantial or total loss if the HSCEI index level drops significantly.</p> <p>The market value of a HSCEI Call Option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of</p>

the Reference Index in relation to the strike price of the HSCEI Call Options, the actual or perceived volatility of the Reference Index and the time remaining until the expiration date. The Target Fund's ability to utilise HSCEI Call Options successfully will depend on the ability of the Management Company to correctly predict future price fluctuations, which cannot be assured and are subject to market behaviour or unexpected events.

In writing the covered HSCEI Call Options, the Target Fund will receive a premium from purchasers and the premium income will vary depending on different factors. However, in the case of an increase in the market price of the constituent equity securities of the Reference Index, the Target Fund's opportunity to profit from such an increase is limited to the strike price of the HSCEI Call Options. In the event that the level of the Reference Index is on a continuous rise, the exercise of written HSCEI Call Options by purchasers could result in the Target Fund's existing long positions in HSCEI Equities, HSCEI Futures and/or HSCEI ETF being liquidated for settlement of cash payment at expiry of HSCEI Call Options, and subsequent long positions would need to be re-established at a higher market level, thereby limiting the quantity of HSCEI Equities, HSCEI Futures and/or HSCEI ETF in which the Target Fund will be able to invest and accordingly, the quantity of the HSCEI Call Options which may be written by the Target Fund will also decrease.

On the other hand, the Target Fund will take an underlying long position in HSCEI Equities, HSCEI Futures and HSCEI ETF and, as the writer of the HSCEI Call Options which are covered by the underlying long positions, the Target Fund will continue to bear the risk of declines in the market value of the Reference Index. If a HSCEI Call Option expires and if there is a decline in the market value of the Reference Index during the option period, the premiums received by the Target Fund from writing the HSCEI Call Options may not be sufficient to offset the loss realised.

In addition, the Target Fund's ability to sell the HSCEI Equities, HSCEI Futures and/or HSCEI ETF underlying the HSCEI Call Options will be limited in order to maintain the Covered Call Exposure unless the Target Fund cancels out its short positions in the written HSCEI Call Options by purchasing offsetting identical HSCEI Call

	<p>Options prior to their expiry. There is no guarantee that such offsetting identical HSCEI Call Options will be available on terms favourable to the Target Fund or at all. Even if the Target Fund is able to cancel out its short positions in the written HSCEI Call Options in the manner as aforementioned, the Target Fund may still sustain a loss in selling the underlying HSCEI Equities, HSCEI Futures and/or HSCEI ETF in the event that the market value of the Reference Index declines.</p> <p>Also, the Target Fund may write HSCEI Call Options over an exchange or in the OTC market. The HSCEI Call Options in the OTC markets may not be as liquid as exchange-listed options. There may be a limited number of counterparties which are willing to enter into HSCEI Call Options as purchasers or the Target Fund may find the terms of such counterparties to be less favorable than the terms available for listed options. Moreover, the SEHK may suspend the trading of options in volatile markets. If trading is suspended, the Target Fund may not be able to write HSCEI Call Options at times that may be desirable or advantageous to do so.</p>
<p>Equity Market Risk</p>	<p>The Target Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.</p>
<p>HSCEI Futures Contracts Risk</p>	<p><i>Market risk</i></p> <p>The use of futures contracts involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. Although the HSCEI Futures market is relatively developed, the Target Fund is subject to a potential risk that it may not be able to terminate or sell positions. A liquid secondary market may not always exist for the Target Fund's positions at times when the Target Fund wishes to terminate or sell such positions.</p> <p><i>Volatility risk</i></p> <p>The price of HSCEI Futures can be highly volatile and is influenced by, among others, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and changing investor confidence in future fluctuations in the price of the Reference Index.</p>

Leverage risk

Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in HSCEI Futures may result in a proportionally high impact and substantial losses to the Target Fund, having a material adverse effect on the net asset value. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested by the Target Fund.

Margin requirement risk

Investing in HSCEI Futures and writing HSCEI Call Options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of the HSCEI Futures and the HSCEI Call Options. Increases in the amount of margin or similar payments may result in the need for the Target Fund to liquidate its investments at unfavourable prices in order to meet margin calls. If the Target Fund is unable to meet its investment objective as a result of margin requirements imposed by the HKFE, the SEHK and/or the Target Fund's futures broker, the Target Fund may experience significant losses, which may exceed the amount of the Target Fund's initial investment, and the investors may suffer substantial or total loss of their own investments.

Negative roll yields and "contango" market risk

Excluding other considerations, if the market for HSCEI Futures is in a "contango" market, i.e. the prices are higher in the distant delivery months than in the nearer delivery months, the sale of the HSCEI Futures would take place at a price that is lower than the price of the contract which such HSCEI Futures will be rolled to. Accordingly, sale proceeds from selling existing HSCEI Futures when rolling will not be sufficient to purchase the same number of contracts with later expiration date which have a higher price, thereby creating a negative "roll yield".

By contrast, if the market for these contracts is in "backwardation", i.e. the prices of the HSCEI Futures with later expiration dates are lower than the prices of HSCEI Futures with earlier expiration dates, the sale of the current contracts would take place at a price that is higher

than the price of the contracts with later expiration date, thereby creating a positive "roll yield".

Contango or backwardation could last for an undetermined period of time. The presence of contango in the market for HSCEI Futures could result in negative "roll yields," which could adversely affect the net asset value of the Target Fund. The impact of contango on the Target Fund 's performance may be greater than it would have been if the Target Fund rolled HSCEI Futures less frequently. Investors of the Target Fund should note that save for the transaction cost incurred, "rolling" in itself is not a loss or return-generating event. The roll yield is typically realised over time.

HSCEI Futures position limit risk

The positions of futures contracts or stock options contracts held or controlled by the Management Company, including positions held for the Management Company's own account or for the funds under its management (such as the Target Fund) but controlled by the Management Company, may not in aggregate exceed the relevant maximum under the Securities and Futures (Contracts Limits and Reportable Positions) Rules (the "Rules").

Accordingly, if the position held or controlled by the Management Company reaches the relevant position limit or if the net asset value of the Target Fund grows significantly, the restrictions under the Rules may prevent creations of additional units due to the inability of the Target Fund to acquire further HSCEI Futures. This may cause a divergence between the trading price of a unit on the SEHK and the net asset value per unit. In the event that the relevant position limit is reached or is closed to being reached, the Management Company will evaluate its existing positions and consider partially or fully closing out certain positions, or obtain exposure to the Reference Index through investment in HSCEI Equities or HSCEI ETF.

Failure of clearing house risk

HSCEI Futures and HSCEI Call Options are registered, cleared and guaranteed by the HKFE Clearing Corporation. In the event of the bankruptcy of the clearing house, the Target Fund could be exposed to a risk of loss

	<p>with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Target Fund would be afforded the protections granted to participants to transactions cleared through a clearing house under applicable laws. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt clearing house if the clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Target Fund to recover all, or even any, of the amounts it has deposited as margin.</p>
<p>Risks Associated with Investing in Financial Derivative Instruments</p>	<p>The Target Fund invests in HSCEI Futures and writes HSCEI Call Options, which are FDIs. Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and OTC transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Target Fund. Exposure to FDIs may lead to a high risk of significant loss by the Target Fund.</p> <p>The Management Company has put in place measures to address the risks due to investment in FDIs. For example, the Management Company will ensure that counterparties to transactions of OTC FDIs or their guarantors must be substantial financial institutions. Collateral accepted by the Target Fund will be high quality assets only, and the Management Company will continuously monitor the quality of collateral to ensure no deterioration of collateral received by the Target Fund.</p>
<p>Concentration Risk</p>	<p>The Target Fund is subject to concentration risk as a result of obtaining exposure to a single geographical region or country (i.e. Mainland China). The Target Fund may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations resulting from adverse conditions in Mainland China.</p> <p>In addition, to the extent that the constituent securities of the Reference Index are concentrated in Hong Kong-listed Mainland securities of a particular sector or market, the investments of the Target Fund may be similarly concentrated. The value of the Target Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Target Fund may be</p>

	<p>more susceptible to adverse conditions in such particular market/sector.</p>
<p>Risks of Investing in Other Collective Investment Schemes</p>	<p>The Target Fund may invest in other collective investment schemes, and may therefore be subject to the risks associated with such underlying schemes. The Target Fund does not have control of the investments of the underlying schemes and there is no assurance that the investment objective and strategy of the underlying schemes will be successfully achieved which may have a negative impact to the net asset value of the Target Fund.</p> <p>In addition, the tax provision made by the other collective investment schemes may be more or less than their actual tax liabilities. Any shortfall of such tax provision may adversely affect the performance of such other collective investment schemes.</p> <p>The underlying schemes in which the Target Fund may invest may not be authorised by the SFC. There may be additional costs involved when investing into these underlying schemes. There is also no guarantee that the underlying schemes will always have sufficient liquidity to meet the Target Fund's redemption requests as and when made.</p> <p>If the Target Fund invests in other active or passive investment products managed by the Management Company or connected person of the Management Company, all initial charges and redemption charges on these listed or unlisted funds must be waived, and the Management Company must not obtain rebate of any fees or charges levied by these funds or any quantifiable monetary benefits in connection with investments in these funds. In case any conflicts of interest may still arise out of such investments, the Management Company will use its best endeavours to resolve it fairly.</p>
<p>Securities Lending Transactions Risk</p>	<p><i>Collateral risk</i></p> <p>As part of the securities lending transactions, the Target Fund must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Target Fund if the borrower fails to return the securities lent out. The Target Fund may also be subject</p>

	<p>to liquidity and custody risk of the collateral, as well as legal risk of enforcement.</p> <p><i>Counterparty risk</i></p> <p>If the borrower defaults, there is a risk that the collateral held by Target Fund may be realised at a value lower than the value of the securities lent. This may be due to adverse market movements in the value of the collateral, intra-day increase in the value of the securities lent, a deterioration in the credit rating of the collateral issuer, default or insolvency of the collateral issuer or the illiquidity of the market in which the collateral is traded.</p> <p><i>Operational risk</i></p> <p>Securities lending transactions entail operational risks such as settlement failure or delays in the settlement of instructions. There can be no assurance that the objective sought to be obtained from use of securities lending transactions will be achieved.</p>
<p>Distributions Out of or Effectively Out of Capital Risk</p>	<p>The Management Company may, at its discretion, pay dividend out of capital. The Management Company may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Target Fund are charged to/paid out of the capital of the Target Fund, resulting in an increase in distributable income for the payment of dividends by the Target Fund and therefore, the Target Fund may effectively pay dividends out of the capital. Investors of the Target Fund should note that payment of distributions out of capital or effectively out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to that amount. Any such distributions may result in an immediate reduction of the net asset value per unit of the Target Fund.</p>
<p>Operating Risk</p>	<p>There is no assurance that the Target Fund will achieve its investment objective. The level of fees, taxes and expenses payable by the Target Fund will fluctuate in relation to the net asset value. Although the amounts of certain ordinary expenses of the Target Fund can be estimated, the growth rate of the Target Fund, and hence its net asset value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Target Fund or the actual level of its expenses. Under the terms of the trust deed and Target Fund Prospectus, the Management Company may terminate the Target Fund. On the termination of the Target Fund, the Target Fund will be liquidated and investors will receive distributions of</p>

	<p>cash although the Management Company has the power to decide to make distributions in specie.</p>
<p>Risks specific to the Listed Class of Units</p>	<p><i>No market in the Units risk</i></p> <p>Although the Listed Class of units are to be listed on the SEHK and the Management Company will use its best endeavours to put in place arrangements so that there is at all times at least one market maker for the Listed Class of units, investors of the Target Fund should be aware that there may be no liquid trading market for the Listed Class of units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Listed Class of units will experience trading or pricing patterns similar to those of other exchange-traded funds which are traded on the SEHK and which are based upon indices.</p> <p><i>Termination of market maker risk</i></p> <p>A market maker may cease to act as a market maker for the Listed Class of units of the Target Fund in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for the Listed Class of units of the Target Fund will be no less than three months. The liquidity for the Listed Class of units of the Target Fund may be affected if there is no market maker for the Listed Class of units. The Management Company will use its best endeavours to put in place arrangements so that there is at least one market maker for the Listed Class of units of the Target Fund to facilitate efficient trading of the Listed Class of units. It is possible that there is only one market maker for the Listed Class of units of the Target Fund or the Management Company may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.</p> <p><i>Liquidity risk</i></p> <p>The Listed Class of units will be a new security and following listing on the SEHK, it is unlikely that the Listed Class of units will initially be widely held. Accordingly, any investor buying the Listed Class of units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, at least one market maker has been appointed. In turn this may affect the liquidity and trading price of the Listed Class of units in the secondary market. Therefore, unitholders of the Target Fund may not be able to sell their Listed Class of</p>

	units in the secondary market in as timely a manner as some other equity products denominated in HKD listed in Hong Kong, and the trading price may not fully reflect the intrinsic value of the Listed Class of units.
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Note: The abovementioned risks which Sophisticated Investors should consider before investing into the Fund should not be considered to be an exhaustive list. Sophisticated Investors should be aware that investments in the Fund may expose the Sophisticated Investors to other risks of an exceptional nature from time to time.

Risk Management Strategy

Risk management of the Fund forms an integral part of the investment process. The Fund's portfolio is constructed and managed within pre-determined guidelines including risk returns trade-off, which will be reviewed periodically by the Manager. Assessment of risk is an important part of the asset allocation process. The investment team of the Manager has the discretion to select instruments / securities from the authorised investment list.

In respect of liquidity risk management, the Manager identifies, monitors and mitigates liquidity risks of the Fund on an on-going basis to ensure that the liquidity profile of the Fund's investments is able to comply with the SC's regulator requirement to meet redemption proceeds within a stipulated period. In doing so, the Manager will consider factors which include liquidity of the Fund's holdings, any investor concentration and the Fund's ability to respond to any sizeable redemptions, if any.

The Manager may combine the following liquidity management tools:

- Borrowing of up to 10% of the Fund's NAV from financial institutions. Please refer to Section 7.7 Borrowing / Financing on page 109 for further information.
- Suspension of dealing of units of the Fund (due to exceptional circumstances, where there is good and sufficient reason to do so, considering the interests of Unit Holders) as a last resort after all other liquidity risk management tools have been exhausted. Any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. Please refer to Section 7.7 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units on page 106 for further information.

6 FEES, CHARGES AND EXPENSES

Unless stated otherwise, all fees, charges and/or expenses disclosed in the Information Memorandum are exclusive by way of example and not limitation; goods and services tax, value added tax, consumption tax, levies, duties and other taxes as may be imposed by the Government of Malaysia from time to time (collectively known as “Taxes”). If these fees, charges and/or expenses are subject to any Taxes, such Taxes shall be borne and payable by the Unit Holders and/or the Fund (as the case may be) at the prevailing rate, including any increase or decrease to the rate, in addition to the fees, charges and/or expenses stated herein.

6.1 Charges

This table describes the charges that you may **directly** incur when you buy or redeem units of the Fund (*rounded to 2 decimal points*):

Entry Charge	Distribution Channel	Entry Charge
	Direct Sales	Up to 5.00% of the NAV per unit of the Class(es).
	IUTA	Up to 5.00% of the NAV per unit of the Class(es).
<p><i>There will be no entry charge for all employees of AMMB Holdings Berhad and its subsidiaries.</i></p> <p><i>Note: All entry charges will be rounded up to two (2) decimal points. Sophisticated Investors are advised that they may negotiate for lower entry charge prior to the conclusion of sales. The Manager reserves the right to waive or reduce the entry charge from time to time at its absolute discretion.</i></p>		
Exit Penalty	There will be no exit penalty for this Fund.	
Other Charges	Other direct charges that you may incur are as follows:	
	<p>Transfer Fee Nil.</p> <p>Bank Charges or Fees Bank charges or fees, if any, will be borne by you.</p> <p>Switching Fee</p>	

For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. However, the Manager has the discretion to waive or reduce the switching fee.

6.2 Ongoing Fees and Expenses

Due to the multiple Classes in the Fund, the fees and expenses for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio (“MCR”) is calculated by taking the “Opening Value of a Class” for a particular day and dividing it with the “Opening Value of the Fund” for that same valuation day. This apportionment is expressed as a ratio and calculated as a percentage.

As an illustration, assuming there is an indirect fee chargeable to the Fund of HKD100 million and the size of the HKD Class is 40%, RM-Hedged Class is 30%, AUD-Hedged Class is 15% and SGD-Hedged Class is 15% of the Fund, the ratio of the apportionment based on the percentage will be 40:30:15:15 (HKD:RM-Hedged:AUD-Hedged:SGD-Hedged) i.e. 40% being borne by HKD Class, 30% being borne by RM-Hedged Class, 15% being borne by AUD-Hedged Class and SGD-Hedged Class respectively.

“Opening Value of the Fund” refers to the NAV of the Fund before income and expenses.

“Opening Value of a Class” refers to the NAV of a Class before income and expenses.

The fees and expenses that you may **indirectly** incur are as follows.

(a) Annual Management Fee

An annual management fee of up to 1.50% p.a. of the Fund’s NAV is charged and then apportioned to each Class based on the MCR. The management fee is calculated on a daily basis and will be paid monthly to us.

As this Fund invests in shares of the Target Fund, any management fee charged by the Target Fund in relation to the Fund’s investments in the Target Fund will be payable from the above management fee. Accordingly, there is no double charging of management fee. This means that Unit Holders will incur only one management fee and only at the Fund’s level.

An illustration of the calculation and apportionment of the daily management fee is as follows:

Assuming a total fund size of HKD100 million and investments have been made in RM-Hedged Class and HKD Class, then the daily accrued management fee for the day would be:

	<u>HKD</u>
Investment in the Target Fund	85,000,000.00
Other investments (deposits and money market instruments)	15,000,000.00
NAV (before fees)	<u>100,000,000.00</u>

Management fee for the day:

$[(\text{Investment in the Target Fund} + \text{Deposits and money market instruments}) \times 1.50\%] \div \text{Number of days in a year}$

1. Charged by the Target Fund:
 $= (\text{HKD}85,000,000.00 \times 0.99\%) \div 365$ 2,305.48
2. Charged by the Fund:
 - a. Investment in the Target Fund
 $= (\text{HKD}85,000,000.00 \times 0.51\%) \div 365$ 1,187.67
 - b. Deposits and money market instruments
 $= (\text{HKD}15,000,000.00 \times 1.50\%) \div 365$ 616.44
 - c. $= 2,328.77 + 616.44$ 1,804.11

Class-level apportionment

(assumed ratio: HKD:RM-Hedged:AUD-Hedged:SGD-Hedged, 40:30:15:15)

HKD Class	721.64
RM-Hedged Class	541.23
AUD-Hedged Class	270.62
SGD-Hedged Class	270.62
Total	1,804.11

Note: rounded to 2 decimal points

(b) Annual Trustee Fee

The Trustee is entitled to an annual trustee fee for acting as trustee for the Fund. This fee is calculated daily and paid monthly. The trustee fee is up to 0.03% p.a. of the NAV of the Fund (excluding foreign sub-custodian fee and charges, where applicable). An illustration of the trustee fee per day is as follows:

Assuming the NAV of the Fund is HKD100 million and the trustee fee is 0.03% p.a. of the NAV of the Fund, then the daily accrued trustee fee would be:

Trustee's fee for the day charged to the Fund:

(NAV of the Fund x Trustee fee) ÷ Number of days in a year
 = (HKD100,000,000.00 x 0.03%) ÷ 365* 82.19

Class-level apportionment

(assumed ratio: HKD:RM-Hedged:AUD-Hedged:SGD-Hedged, 40:30:15:15)

HKD Class	32.87
RM-Hedged Class	24.66
AUD-Hedged Class	12.33
SGD-Hedged Class	12.33
Total	82.19

* In the event of a leap year, the trustee fee will be divided by 366 days.

Note: rounded to 2 decimal points

(c) Fund Expenses

The Manager and the Trustee may be reimbursed out of the Fund for any cost reasonably incurred in the administration of the Fund. The Fund's expenses currently include but are not limited to audit fees, tax agent's fees, printing and postages of annual and quarterly reports, bank charges, remuneration and out of pocket expenses of the person(s) or members of the committee undertaking an oversight function of the Fund, lodgement fees for Fund's reports, outsourced fund accounting fee, foreign custodians' charges (if any) in respect of any foreign investments of the Fund, fees paid to brokers or dealers (if any) and other expenses as permitted by the Deed.

THERE ARE FEES AND CHARGES INVOLVED AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND. YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.

7 TRANSACTION INFORMATION

7.1 Valuation of Assets

In undertaking any of its investments, the Manager will ensure that all the assets of the Fund are valued at fair value in compliance with the SC Guidelines and relevant laws at all times. Investments of the Fund are valued in accordance to the following:

i. Listed Collective Investment Schemes

The valuation for investment in listed collective investment schemes shall be determined by reference to the market price (i.e. official closing price or last known transacted price on the eligible market on which the investment is quoted). However, if –

- (a) the market price does not represent the fair value of the listed collective investment schemes, for example during abnormal market conditions; or
- (b) no market price is available, including in the event of a suspension in the quotation of the listed collective investment schemes for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,

then the listed collective investment schemes should be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

ii. Deposits

The value of any deposits placed with financial institutions shall be determined on each Business Day, with reference to the principal value of such investments and the accrued income for the relevant period.

iii. Money Market Instruments

Investments in money market instruments such as bankers' acceptance and negotiable certificate of deposits financial institutions are valued each day by reference to the value of such investments and the interests accrued thereon for the relevant period. Investments in instruments such as commercial papers are valued on daily basis using the fair value prices which are obtained from the recognized source i.e., BPAM.

iv. Derivatives

The valuation is based on marked to market prices. The methods or bases of valuation will have to be verified by the auditor of the Fund and approved by the Trustee.

7.2 Pricing and Valuation Points

The Fund adopts a single pricing policy i.e. subscription and redemption of units will be carried out at the NAV per unit. The valuation point of the Fund will be on daily basis (e.g. each Business Day).

The Fund also adopts forward pricing which means price for units will be calculated at the next valuation point.

Valuation point refers to such time(s) on a Business Day as may be decided by the Manager wherein the NAV per unit of the relevant Class(es) is calculated. Since the Fund may invest in foreign markets, the valuation of the Class(es) will be carried out on the next Business Day (T+1) by 5.00 p.m. This is to cater for the currency translation of the Target Fund to the Class(es)'s base currency based on the bid exchange rate quoted by Bloomberg/Reuters at 4.00 pm (UK time) which is equivalent to 11.00 pm or 12.00 am midnight (Malaysian time) on the same day, or such other time as stipulated in the Investment Management Standards issued by the FIMM.

A Sophisticated Investor will buy units at the NAV per unit of the relevant Class as at the next valuation point after an instruction for purchase is received plus applicable entry charge of the Class; and redemption will be calculated based on the NAV per unit of the relevant Class as at the next valuation point after an instruction for redemption is received.

Incorrect Pricing

In the event of any incorrect valuation or pricing of units of the Class(es), the Manager shall take immediate remedial action to rectify the incorrect valuation or pricing. Where the incorrect valuation or pricing:

- (i) is equal or more than zero point five per centum (0.50%) of the NAV per unit of the relevant Class(es); and
- (ii) the total impact on an individual account is more than RM 10.00 or its foreign currency equivalent in absolute amount.

then the Manager shall reimburse the relevant Class and/or the affected Unit Holder in the following manner:

- (a) where the error is as a result of over valuation (i.e. the price quoted is higher than the actual price), the Manager shall reimburse:
 - (i) the relevant Class (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation); and/or
 - (ii) the Unit Holders (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation).

- (b) where the error is as a result of under valuation (i.e. the price quoted is lower than the actual price), the Manager shall reimburse:
- (i) the relevant Class (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation); and/or
 - (ii) the Unit Holders (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation).

Subject to any regulatory requirements, the Manager shall have the right to amend, vary or revise the above said limits or threshold from time to time.

Policy on Rounding Adjustment

The NAV per unit for the Fund is rounded to four (4) decimal points. Redemption proceeds, units created, fees and charges are rounded to two (2) decimal points.

NAV per unit of the Class(es)

Due to the multiple Classes in the Fund, the valuation of the Fund will be done in the Fund's base currency i.e. HKD. As such, all assets and/or cash that are not denominated in HKD will be converted to HKD for valuation purposes. The foreign exchange rate used for this purpose shall be based on the bid exchange rate quoted by Bloomberg/Reuters at 4.00 pm (UK time) which is equivalent to 11.00 pm or 12.00 am midnight (Malaysian time) on the same day, or such other time as stipulated in the Investment Management Standards issued by the FIMM.

Illustration:

The following is a hypothetical example of the computation of the NAV per unit in Class currency at each valuation point based on the Multi Class Fund ("MCF") Ratio with the assumption that the investment has been made in RM-Hedged Class D and HKD Class D:

"Opening Value of the Fund" refers to the NAV of the Fund before income and expenses.

"Opening Value of a Class" refers to the NAV of a Class before income and expenses.

		Fund (HKD) Total	RM-Hedged Class D	HKD Class D
Valuation 1 – by 4.00pm				
Sales amount received	A		RM12,000,000.00	HKD10,000,000.00
NAV per unit	B		RM1.0200	HKD1.0000
Units in Circulation	C=A+B		11,764,705.88	10,000,000.00
Foreign exchange ("FX") translation	D		0.50	1.00

on Day 1 (FX as per valuation date – as per FIMM FX guidelines)

Value of the Fund (HKD)	E=A×D	HKD16,000,000.00	HKD6,000,000.00	HKD10,000,000.00
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Valuation 2

Opening Value of the Fund (HKD)	E	HKD16,000,000.00	HKD6,000,000.00	HKD10,000,000.00
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Multi Class Fund (MCF) Ratio ^A	F	100%	37.5%	62.5%
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Add: Income (HKD) (Proportionate based on MCF Ratio ^A)	G	HKD15,000.00	HKD5,625.00	HKD9,375.00
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Less: Administration expenses (HKD) (Proportionate based on MCF Ratio ^A)	H	(HKD1,000.00)	(HKD375.00)	(HKD625.00)
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NAV before management fee and trustee fee for the day	I=E+G-H	HKD16,014,000.00	HKD6,005,250.00	HKD10,008,750.00
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- investment in Target Fund (85% of NAV)	J=I×85%	HKD13,611,900.00 HKD2,402,100.00		
- investment in deposits and money market instruments (15% of NAV)	K=I×15%			

Class expenses

Management fee (% p.a.)

- charged on investment in Target Fund	L	0.51%		
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- charged on deposits and money market instruments	M	1.50%		
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Management fee for the day (HKD) (Proportionate based on MCF Ratio ^A)	$N = \frac{(J \times L) + (K \times M)}{365}$	(288.91)	(108.34)	(180.57)
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Trustee fee (% p.a.)	P	0.03%		
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Trustee fee for the day (HKD) (Proportionate based on MCF Ratio ^A)	$Q = \frac{(I \times P)}{365 \times F}$	(13.16)	(4.94)	(8.23)
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NAV	S=I-N-Q	HKD16,013,697.93	HKD6,005,136.72	HKD10,008,561.20
Units in Circulation	C		11,764,705.88	10,000,000.00
NAV per unit in Base Currency (HKD)	T=S+C		HKD0.5104	HKD1.0008
FX translation on Day 2 (FX as per valuation date – as per FIMM FX guidelines)	U		0.53	1.00
NAV per unit in Class currency	T+U		RM0.9630	HKD1.0008
Sales/(Redemption) amount received for Day 2	V		RM2,000,000.00	(HKD500,000.00)
FX translation on Day 2 (FX as per valuation date – as per FIMM FX guidelines)	W		0.53	1.00
Value of the sales/redemption (HKD)	X=V×W	HKD560,000.00	HKD1,060,000.00	(HKD500,000.00)
Value of the Fund (HKD)	Y=S+X	HKD16,573,697.93	HKD7,065,136.72	HKD9,508,561.20
Valuation 3				
Opening Value of the Fund (HKD)	Y	HKD16,573,697.93	HKD7,065,136.72	HKD9,508,561.20

Note: ^ MCF Ratio is apportioned based on the size of the Class relative to the whole Fund. This means the MCF Ratio is calculated by taking the Opening Value of a Class divided by the Opening Value of the Fund. This apportionment is expressed as a ratio and calculated as a percentage.

Making an investment

Assuming that a Sophisticated Investor wants to invest RM10,000 in the RM Class D of the Fund and the NAV per unit is RM1.0000 and entry charge is 5.00% of the NAV per unit of the RM Class D. The Sophisticated Investor will need to pay the amount as illustrated below to the Manager:

	Items	RM / Units	Explanation
(a)	Amount to be invested (investment amount)	RM10,000	
(b)	Units issued to Sophisticated Investor	10,000 units	RM10,000/ RM1.0000 per unit

(c)	Entry charge incurred by Sophisticated Investor	RM500	10,000 units x RM1.0000 x 5.00%
(d)	Amount payable by Sophisticated Investor	RM10,500	RM10,000 + RM500

Redeeming an investment

Assuming that a Sophisticated Investor wishes to redeem 10,000 units from the RM Class D of the Fund and the NAV per unit of the RM Class D is RM1.0005 with no exit penalty. Hence, the total amount payable to the Sophisticated Investor is RM10,005 as illustrated below:

	Items	RM / Units	Explanation
(i)	Units redeemed	10,000 units	
(ii)	Amount payable to Sophisticated Investor	RM10,005	10,000 units x RM1.0005
(iii)	Exit penalty incurred by Sophisticated Investor	RM0	10,000 units x RM1.0005 x 0.00%
(iv)	Amount payable to Sophisticated Investor	RM10,005	RM10,005 – RM0

7.3 Making an Investment

Minimum Initial Investment	RM Class A	RM5,000
	RM Class D	RM5,000
	RM-Hedged Class A	RM5,000
	RM-Hedged Class D	RM5,000
	HKD Class D	HKD5,000
	USD Class D	USD1,000
	SGD-Hedged Class D	SGD1,000
	AUD-Hedged Class D	AUD1,000

Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.

Minimum Additional Investment	RM Class A	RM1,000
	RM Class D	RM1,000
	RM-Hedged Class A	RM1,000
	RM-Hedged Class D	RM1,000
	HKD Class D	HKD1,000
	USD Class D	USD1,000
	SGD-Hedged Class D	SGD1,000
	AUD-Hedged Class D	AUD1,000
	<i>Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i>	
Step 1 Eligibility	Individual Sophisticated Investors	
	<u>For a single applicant</u>	
	The applicant must be eighteen (18) years of age and above who are not US Persons.	
	<u>For joint applicants</u>	
	The first name applicant must be eighteen (18) years of age and above who are not US Persons. The joint applicant can be of any age.	
	Non-Individual or Corporate Investors	
	Companies, co-operatives, societies, sole proprietors, institutions, etc.	
	<i>Notes:</i>	
	(1) The Manager has the right to reject any application by a US Person. However, if you are investing through our appointed distributor who operates under a nominee system of ownership, kindly consult the respective distributor accordingly.	
	(2) If a Unit Holder is a US Person or subsequently becomes a US Person and such fact comes to the attention of the Manager:	
	a) The Manager is entitled to act in accordance with FATCA, relevant laws, rules, regulations, notes and circulars issued by the relevant authorities from time to time including but not limited to withholding such amount of the	

	<p>income derived from the units held by such US Person (if any); and</p> <p>b) The Manager shall by a notice in writing to that US Person require him / her to either redeem all the units of the Fund or transfer all the units of the Fund to a non-US Person within thirty (30) days from the date of the notice. Upon expiry of thirty (30) days from the date of such notice, the Manager reserves the right to compulsorily redeem all the units held by such US Person.</p>
<p>Step 2 Forms To Be Completed and Documents Required</p>	<p><u>For initial investment:</u></p> <ol style="list-style-type: none"> (1) A full set of account opening form; (2) Proof of payment; (3) Suitability assessment form; (4) Personal Data Protection Act consent form (if applicable); (5) FATCA and CRS documentation: <ol style="list-style-type: none"> a) Self-certification by individual / entity; b) W-8BEN / W-8BEN-E Form (if applicable); and c) W-9 Form (if applicable); and (6) Additional documents requested by the Manager (if applicable). <p><i>Individual investors / joint holders</i></p> <p>For a single applicant, photocopy of National Registration Identity Card (NRIC) for Malaysian or passport for foreigner.</p> <p>For joint applicant, photocopy of NRIC for Malaysian or passport for foreigner of first named joint applicant and the subsequent named joint applicant.</p> <p><i>Non-individual / corporate investors</i></p> <ol style="list-style-type: none"> (1) Copy of NRIC / passport of all authorised signatory(ies); (2) Copy of NRIC / passport of directors / shareholders / partners; (3) A certified true copy of the Memorandum and Articles of Association, business registration documents, certificate of registration or its equivalent; (4) A certified true copy of Form 24 and 49 or its equivalent;

	<p>(5) An original / extract copy of a board resolution approving investments in the Fund or its equivalent;</p> <p>(6) List of authorised personnel to effect any instructions pertaining to the Fund if the list of authorised personnel is not mentioned in the board resolution or its equivalent;</p> <p>(7) A copy of the latest audited financial statement of accounts;</p> <p>(8) Any other approvals required from relevant authorities; and</p> <p>(9) Any other documents requested by the Manager.</p> <p><u>For additional investment:</u></p> <p>(1) Transaction form or letter of instruction (for non-individual or corporate investors only); and</p> <p>(2) Proof of payment.</p>
<p>Step 3 Manner of Payment and Delivery</p>	<p>Upon clearance based on our “Know-Your-Customer” (“KYC”) policy, you can deposit payment into our account upon being advised by us. Your application will be accepted and shall be processed based on the net amount received. If you deposit payment into our account without notifying us, we reserve the right to reject your application and hold such amount until claimed.</p> <p>Payments can be made by depositing payment into our account using either cheque, bank draft or telegraphic transfer payable to:</p> <p>“AmFunds Management Berhad – Trust A/C”</p> <p>For individual investors and joint holders: You are advised to write your name, NRIC / passport number and contact number at the back of the cheque or bank draft.</p> <p>For non-individual and corporate investors: You are advised to write your company name, registration number and contact number at the back of the cheque or bank draft.</p> <p>You can submit the application with complete documentation (including the proof of payment) and payment to us or submit the same to any of our appointed distributors. If we do not receive complete documentation with the payment, we reserve the right to reject the</p>

	<p>application. If you deposit payment into our account and do not notify or provide us with the complete documentation, we shall reject your application and hold such amount until claimed. Sales of units will be processed upon receipt of complete documentation and proof of payment.</p> <p>We reserve the right to vary the manner of payment from time to time and shall be communicated to you.</p> <p><i>Note: Where payment is by cheque, the cheque must be issued by the Sophisticated Investor. In the case of bank draft, a copy of the application for the bank draft as approved by the relevant bank must be submitted with the bank draft. Any payment from third party other than the Sophisticated Investor will be rejected.</i></p>
<p>Processing an Application / Cut-off Time</p>	<ul style="list-style-type: none"> • If an application with complete documentation is accepted by the Manager or our appointed distributors before 4.00 p.m. on a Business Day, it will be processed at the closing NAV per unit of the same Business Day. • If an application with complete documentation is accepted by the Manager or our appointed distributors after 4.00 p.m. on a Business Day or on a non-Business Day, it will be processed at the closing NAV per unit of the next Business Day. <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>The Manager reserves the right to reject any application that is unclear, incomplete and/or not accompanied by the required documents or proof of payment. Incomplete applications will not be processed until all the necessary information has been received.</i> • <i>You should note that different distributors may have different cut-off times in respect of receiving application request. You are advised to contact the relevant distributors to obtain further information and should check with the relevant distributors on their cut-off time in respect of receiving application request.</i>
<p>Cooling-off Right</p>	<p>Not applicable for this Fund.</p>
<p>Confirmation of an Application</p>	<p>You shall be issued a transaction advice within two (2) weeks of us processing your application. No certificates are issued. Instead, your details are entered into the</p>

	register of Unit Holders, which is kept at our head office and can be inspected during business hours.
Miscellaneous Application Information	You will be responsible for all losses and expenses of the Fund in the event of any failure to make payments according to the procedures outlined in this Information Memorandum. Such losses and expenses shall be deducted by the Manager from your account with us. We reserve the right to reject any application. We also reserve the right to change or discontinue any of our application procedures.

SOPHISTICATED INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.

7.4 Making Redemptions

Minimum Redemption / Switching	RM Class A	1,000 units
	RM Class D	
	RM-Hedged Class A	
	RM-Hedged Class D	
	HKD Class D	
	USD Class D	
	SGD-Hedged Class D	
	AUD-Hedged Class D	
<i>Note: The Manager reserves the right to change the stipulated unit from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i>		
Minimum Holding / Balance	RM Class A	1,000 units
	RM Class D	
	RM-Hedged Class A	
	RM-Hedged Class D	
	HKD Class D	
	USD Class D	
	SGD-Hedged Class D	
	AUD-Hedged Class D	

	<p><i>Note: The Manager reserves the right to change the stipulated unit from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i></p>
Forms To Be Completed	<p>(1) Transaction form signed by individual Unit Holder(s)/ authorised signatory(ies); or (2) Letter of instruction (for non-individual or corporate investors only).</p>
Submission of Redemption Request / Cut-off Time	<p>Redemption request can be made on any Business Day by completing the transaction form or letter of instructions.</p> <ul style="list-style-type: none"> • If a redemption request with complete documentation is accepted by the Manager or our appointed distributors before 4.00 p.m. on a Business Day, it will be processed at the closing NAV per unit of the same Business Day. • If a redemption request with complete documentation is accepted by the Manager or our appointed distributors after 4.00 p.m. on a Business Day or on a non-Business Day, it will be processed at the closing NAV per unit of the next Business Day. <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>The Manager reserves the right to reject any application that is unclear, incomplete and/or not accompanied by the required documents. Incomplete applications will not be processed until all the necessary information has been received.</i> • <i>You should note that different distributors may have different cut-off times in respect of receiving redemption request. You are advised to contact the relevant distributors to obtain further information in respect of redemption request.</i>
Payment of Redemption Proceeds	<p>Within five (5) Business Days of receiving the redemption proceeds from Target Fund provided that receipt of complete documentation.</p>
Manner of Payment	<p>Redemption proceeds will be made in the currencies which the units are denominated will be paid to a bank account (active account) held in your own name or the first named Unit Holder (for joint account) either by telegraphic transfer, cheque or bank draft.</p> <p><i>Note: We reserve the right to vary the manner of payment from time to time and shall be communicated to you.</i></p>

Miscellaneous Redemption Information and Limitations of the Fund	We reserve the right to defer the calculation of redemption price with the consent of the Trustee (or as permitted by the SC) after receiving the redemption request if in our judgment, an earlier payment would adversely affect the Fund.
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No redemption will be paid in cash under any circumstances.

7.5 Distribution Payment

Distribution Policy	<p>Class A: Subject to availability of income, distribution (if any) is incidental.</p> <p>Class D: Distribution, if any, will be made on a monthly basis.</p> <p>At the Manager’s discretion, the Fund may distribute from its gain, income and capital. The rationale for distribution out of capital is to allow the Fund the ability to (i) distribute income on a regular basis in accordance with the distribution policy of the Fund or (ii) increase the amount of distributable income to the Unit Holders, after taking into consideration the risk of distributing out of capital.</p> <p>Distribution out of the Fund’s capital has the effect of lowering the NAV of the Fund, may reduce part of the Unit Holders’ original investment and may also result in reduced future returns to Unit Holders. When a substantial amount of the original investment is being returned to the Unit Holders, it has a risk of eroding the capital of the Fund and may, over time, cause the NAV of the Fund to fall. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.</p> <p><i>Note: The Manager reserves the right to vary the frequency and/or amount of distribution for each of the Classes.</i></p>
Mode of Distribution	<p>(a) <u>Reinvest distribution</u></p> <p>Distribution will be automatically reinvested into Unit Holder’s account with us at no cost, based on the NAV per unit of the relevant Class at the end of the Business Day of the distribution date.</p>

(b) Receive distribution

Instruct us to deposit the distribution earned into a bank account held in Unit Holder's own name or the first named Unit Holder (for joint account).

Notes:

- *If distribution earned does not exceed three hundred (300) in the currency denomination of the respective Class(es), it will be automatically reinvested.*
- *If Unit Holders do not elect the mode of distribution in the account opening form or transaction form and if distribution is paid, such will be automatically reinvested in the form of units at no cost, based on the NAV per unit of each Classes at the end of the Business Day of the distribution date.*

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

7.6 Unclaimed Moneys

Any moneys payable to you which remains unclaimed (hereinafter referred to as "unclaimed amount") for a period of not less than two (2) years from the date of payment or such other period as may be prescribed by the Unclaimed Moneys Act 1965 (revised 1989) will be paid to Registrar of Unclaimed Moneys in accordance with the requirements of the said Act. Thereafter, all claims need to be made to the Registrar of Unclaimed Moneys.

Unit Holders may claim the unclaimed amount from the Registrar of Unclaimed Moneys.

7.7 Other Relevant Information When Making an Investment

Switching Facility

Switching between funds managed by AFM

Unit Holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of the entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge. However, the Manager has the discretion to waive or reduce the switching fee.

Switching between Class(es) of the Fund

Unit Holders are allowed to switch between Class(es) of the Fund, provided that the Class(es) is denominated in the same currency.

Please note that the price of the Fund to be switched out and the price of another Fund to be switched into may be of different days.

Transfer Facility

Transfer of the Fund's units is allowed except to the US person.

You can transfer all or some of your investments to another Sophisticated Investor by completing a transfer form and signed by both parties (transferor and transferee). A full set of account opening document is also required to be filled by the transferee if he/she is a new investor to the Manager.

We may, at our absolute discretion without giving any reason, refuse to register a transfer.

Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units

The Manager may suspend the determination of the NAV of units in the Class(es), the issue of units, switching of units and the redemption of units in the following circumstances:

- (a) during any period when the market on which a material part of the investments of the Fund is closed, or during which dealings are substantially suspended or restricted;
- (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the Fund is not possible;
- (c) during any breakdown in the means of communication normally employed in determining the price of the Fund's investments in any market;
- (d) when for any other reason the prices of any investments owned by the Fund cannot promptly or accurately be ascertained;
- (e) during any period when remittance of monies which will or may be involved in the realization of or in the payment for any of the Fund's investments cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- (f) in the event of the publication of a notice convening a Unit Holders' meeting if the meeting is convened as a result of exceptional circumstances (where the market value or fair value of a material portion of the Fund's assets cannot be determined);
- (g) during any period when the dealing in the Target Fund is suspended or payment is deferred; or

- (h) if, as a result of exceptional circumstances, including but not limited to severe market dislocation, systemic financial events, or the suspension, deferral or restriction of dealings in a target fund or underlying investment in which the Fund has invested, the valuation or disposal of a material portion of the Fund's assets cannot reasonably be carried out, and the Manager reasonably determines that proceeding with the processing of redemption requests would materially prejudice the interests of the Unit Holders as a whole.

All Unit Holders including those who have requested for subscription and/or switching and/or redemption of their units will be notified in writing of any such suspension of the right to subscribe, to switch or to require redemption of units and will be promptly notified upon cessation of such suspension. Any suspension shall be effected in accordance with the provisions of the Deed.

Any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund.

Customer Identification Program / Anti-Money Laundering

We and/or our appointed distributors are required to comply with all applicable laws and regulation in relation to anti-money laundering, counter terrorism financing and counter proliferation financing.

As part of these obligations, we may, at the time an application is made or at any time thereafter, request such information and documentation as may be necessary to verify the identity of an investor, beneficial ownership, source of funds and source of wealth, or to comply with ongoing due diligence and regulatory requirements. Failure to provide the required information or documentation may result in the rejection of an application, restrictions being placed on transactions or redemptions, or the termination of the investment.

In circumstances where required information is not provided or where verification cannot be satisfactorily completed, we and/or our appointed distributors reserve the right to refuse to accept a subscription application or to delay or decline the processing of redemption requests. In the case of a subscription application, any monies received will be returned to the account from which the monies were originally debited, without interest or profit. In the case of a redemption request, the relevant units will not be redeemed until the necessary requirements have been satisfied.

Where required under applicable laws and regulations, we shall report suspicious transactions or other matters to the relevant authorities.

We and/or our appointed distributors have established and maintain know-your-customer ("KYC") policies and procedures, which include measures to identify and verify the investors through appropriate documentation, such as identity

cards, passports, constituent documents or any other official documents, as applicable.

For corporate investors, the required information may include, without limitation, details of the company's incorporation, principal place of business, nature of business, source of funds and/or assets, information on the ownership and control structure of the company, including the identity of its ultimate beneficial owner(s), as well as identification documents of directors, shareholders, partners or authorised signatories, relevant board resolutions, and details of authorised account operators, in accordance with applicable regulatory requirements.

If you invest in the Fund through a distributor, the distributor may be required to provide additional information to us, including details of ultimate beneficial owners or beneficiaries investing in the Fund. Failure to provide such information may result in the rejection or delay of subscription or redemption requests until the required information is received.

These measures are implemented to safeguard the integrity of the financial system and to prevent the misuse of the Fund for unlawful activities.

Cross Trade

The Manager may conduct cross trades between funds and private mandates under its management, provided that all applicable requirements imposed by the SC and the Manager's internal policies are complied with.

Notwithstanding the foregoing, cross trades between the personal accounts of employees of the Manager and the Fund's account, as well as between the Manager's proprietary trading accounts and the Fund's account, are strictly prohibited.

Any cross trades undertaken shall be subject to appropriate review by the person(s) or committee performing an independent oversight function in respect of the Fund and shall be disclosed in the Fund's periodic reports to Unit Holders, in accordance with applicable regulatory requirements.

Rebates and Soft Commission

The Manager does not retain any rebates from, nor share in any commission with, any broker or dealer in consideration for dealings in the Fund's assets. Any rebates or shared commissions received, if any, shall be credited directly to the account of the Fund concerned and utilised for the benefit of the Fund, in accordance with the applicable requirements issued by the SC.

Borrowing / Financing

The Fund is prohibited from borrowing other assets (including borrowing of securities within the meaning of *Securities Borrowing and Lending Guidelines*) in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase requests for units of the Fund and for short-term bridging requirements. Such borrowings are subject to the following:

- (a) the Fund's cash borrowing is only on a temporary basis and that the borrowings are not persistent;
- (b) the borrowing period should not exceed one (1) month;
- (c) the aggregate borrowings of the Fund should not exceed 10% of the Fund's NAV at the time the borrowing is incurred; and
- (d) the Fund only borrows from financial institutions.

8 THE MANAGEMENT COMPANY

8.1 Corporate Information of the Manager

The information relating to the Manager is available on our website at: www.aminvest.com/about-aminvest/corporate-profile.

8.2 Roles, Duties and Responsibilities of the Manager

The Manager is responsible for setting the investment policies and objective for the Fund. The Manager is also responsible for the promotion and administration of the Fund which include but not limited to issuing units, preparing and issuing Fund's offering document.

8.3 The Board of Directors

The Board of Directors ("Board"), of which at least one-third (1/3) are independent members, exercise ultimate control over the operations of the company. The Board meets once every two (2) months to discuss and decide on business strategies, operational priorities and ways of managing risk within AFM.

The Board acts to ensure that investment risk and operational risk are monitored and managed. It also ensures that AFM's operations comply with regulations issued by the government and regulatory authorities

The list of Board members is available on our website at: www.aminvest.com/about-aminvest/corporate-profile.

8.4 Designated Fund Manager

Raymond Lew Wei Chien

The profile of Raymond Lew Wei Chien is available on our website at: www.aminvest.com/about-aminvest/corporate-profile.

8.5 Material Litigation

Information on all current material litigation and arbitration, including those pending and threatened which might materially affect the business and financial position of AFM is available on our website at: www.aminvest.com/about-aminvest/corporate-profile.

Note: Please refer to our website (www.aminvest.com) for further information on the Manager and other corporate information which may be updated from time to time.

9 THE TRUSTEE

9.1 About Deutsche Trustees Malaysia Berhad

Deutsche Trustees Malaysia Berhad (“DTMB”), Registration No. 200701005591 (763590-H) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses and private individuals.

9.2 Experience in Trustee Business

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at LPD, DTMB is the trustee for 199 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad (“DBMB”), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

9.3 Roles, Duties and Responsibilities of the Trustee

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA 2007 and all relevant laws.

9.4 Trustee’s Disclosure of Material Litigation

As at LPD, the Trustee has not (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business / financial position of the Trustee.

9.5 Trustee’s Delegate

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over thirty (30) markets globally

and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

9.6 Disclosure on Related-Party Transactions/Conflict of Interests

As the Trustee for the Fund and the Manager's delegate for the fund accounting and valuation services (where applicable), there may be related party transactions involving or in connection with the Fund in the following events:

- (1) where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, collective investment schemes, etc.);
- (2) where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC Guidelines and other applicable laws;
- (3) where the Manager appoints DTMB to perform its back-office functions (e.g. fund accounting and valuation, where applicable); and
- (4) where DTMB has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best available for or to the Fund and are on an arm's length basis as if between independent parties.

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit Holders of the Fund do not preclude the possibility of related party transactions or conflicts.

10 SALIENT TERMS OF THE DEED

Please note that if an investor invests through a distributor via a nominee system of ownership, the investor will not be deemed a Unit Holder under the Deed.

10.1 Rights and Liabilities of Unit Holders

A Sophisticated Investor is deemed to be a Unit Holder when units are issued upon the Manager accepting completed documentation with payment.

Each unit held in the Fund entitles a Unit Holder to an equal and proportionate beneficial interest in the Fund. However, a Unit Holder does not own or have a right to any particular asset held by the Fund and cannot participate in management decisions except in very limited circumstances as set out in the Deed.

As a Unit Holder, you have the right to:

- (a) receive distribution (if any);
- (b) have your units redeemed;
- (c) transfer your units;
- (d) participate in termination or winding up of the Fund;
- (e) call, attend and vote at meetings of Unit Holders (the rules governing the holding of meetings are set out in the law and the Deed);
- (f) receive statement of investments, annual and quarterly reports of the Fund; and
- (g) exercise such other rights and privileges as provided for in the Deed.

The law and the Deed limit a Unit Holder's liability to the value of their investments in the Fund. Accordingly, if the Fund's liabilities exceed its assets, no Unit Holder by reason alone of being a Unit Holder, will be personally liable to indemnify the Trustee or the Manager or any of their respective creditors.

10.2 Termination of the Fund

Termination of Trust by the Manager

Subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior consent of the Unit Holders, terminate the trust hereby created and wind up the Fund if such termination:

- (a) is required by the relevant authorities;
- (b) is in the best interests of Unit Holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund; or

- (c) is a result of small Fund size, i.e. NAV is less than RM20 million or such other amount as the Manager and the Trustee may jointly deem it to be uneconomical for the Manager to continue managing the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust by the Manager, the Manager shall give to each Unit Holder of the Fund being wound up a notice of such termination in accordance with the relevant laws; the Manager shall notify the existing Unit Holders in writing of the following options:

- (a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produces available for distribution in proportion to the number of units held by them respectively;
- (b) to use the net cash proceeds to invest in any other wholesale fund managed by the Manager upon such terms and conditions as shall be set out in the written notification; or
- (c) to choose any other alternative as may be proposed by the Manager in accordance with the relevant laws and regulations.

Termination of Trust by the Trustee

In any of the following events:

- (a) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon a meeting of Unit Holders in accordance with the provisions of the Deed for the purpose of seeking directions from the Unit Holders.

If at any such meeting a Special Resolution to terminate the trust in respect to the Fund and to wind-up the Fund is passed by the Unit Holders, the Trustee shall apply to the court for an order confirming such Special Resolution.

Upon such application by the Trustee, the court may, if it considers it to be in the interests of the Unit Holders, confirm the Special Resolution and make such orders as it thinks necessary or expedient for the termination of the trust in respect of the Fund and the effective winding-up of the Fund.

The termination of the trust and the winding up of the Fund shall not affect the continuity of any other trusts and wholesale funds created and established hereunder.

10.3 Termination of a Class

If the Fund has more than one Class of units, the Manager may terminate a particular Class of units in accordance with the relevant laws. The Manager may only terminate a particular Class of units if the termination of that Class of units does not prejudice the interests of Unit Holders of any other Class of units. For the avoidance of doubt, the termination of a Class of units shall not affect the continuity of any other Class of units of the Fund.

Notwithstanding the above and subject to the provisions of any relevant law, the Manager may without having to obtain the prior approval of the Unit Holders, terminate a particular Class of units if the termination of the Class of units is in the best interests of the Unit Holders of the Class of units and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Class of units.

If at a meeting of Unit Holders to terminate a Class of units, a Special Resolution to terminate the Class of units is passed by the Unit Holders of that class:

- (a) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution; and
- (b) the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that Class of units;

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that Class of units by the auditor of the Fund. Upon the completion of the termination of that Class of units, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that class of units.

10.4 Unit Holders' Meeting

Quorum required for a Unit Holders' meeting

The quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy.

- (a) However, if the Fund or a Class of units, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy; or if the Fund or a Class of units, as the case may be, has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class of units, as the case may be, shall be one (1) Unit Holder, whether present in person or by proxy.

- (b) If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the units in circulation of the Fund or a particular Class of units, as the case may be, at the time of the meeting.
- (c) If the Fund or a Class of units, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund or a Class of units, as the case may be.

The Unit Holders may participate in a Unit Holders' meeting by video conference, web-based communication, electronic or such other communication facilities or technologies available from time to time and to vote at the Unit Holders' meeting. For the avoidance of doubt, the chairman of the meeting shall be present at the meeting either virtually or physically at the main venue of the Unit Holders' meeting.

Participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to above shall be deemed as present at the said Unit Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the main venue of where the Unit Holders' meeting is to be held.

10.5 Meeting Convened by the Unit Holders

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) Unit Holders or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or of that Class of units, as the case may be, summon a meeting of the Unit Holders of the Fund or of a particular Class of units by:

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders or the Unit Holders of that Class of units, at the Unit Holder's last known address or, in the case of joint holders, to the joint holder whose name stands first in the records of the Manager to the joint holder's last known address;
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language national daily newspaper and in one other newspaper approved by the relevant authorities; and
- (c) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit Holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;

- (c) considering the most recent financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed;

provided always that the Manager shall not be obliged to summon any such meeting unless direction has been received at its registered office from not less than fifty (50) Unit Holders or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or all Unit Holders of a particular Class of units, as the case may be.

10.6 Meeting Convened by the Manager or the Trustee

Meeting convened by the Manager

The Manager shall convene a Unit Holder's meeting to obtain Unit Holders' approval where the interests of the Unit Holders may be materially prejudiced by any changes to the Fund and/or Deed.

The Manager may summon a meeting of Unit Holders for any purpose whatsoever by:

- (a) giving at least fourteen (14) days' written notice of the meeting to Unit Holders or the Unit Holders of that Class of units; and
- (b) specifying in the notice, the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

Meeting convened by the Trustee

The Trustee shall summon a Unit Holders' meeting where:

- (a) the Manager is in liquidation;
- (b) in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act.

Unless otherwise required or allowed by the relevant laws, a meeting of the Unit Holders summoned by the Trustee pursuant to the above shall be summoned by:

- (a) sending by post at least twenty-one (21) days before the date of the proposed meeting a notice of the proposed meeting to each of the Unit Holders or the Unit Holders of that Class of units at the Unit Holder's last known address or, in the case of joint holders, to the joint holder whose name stands first in the records of the Manager at the joint holder's last known address; and
- (b) publishing at least twenty-one (21) days before the date of the proposed meeting an advertisement giving notice of the meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.

The Trustee may also summon a Unit Holders' meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) giving instructions to the Trustee or the Manager if the Trustee considers that the investment management policies of the Manager are not in the interests of Unit Holders;
- (c) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (d) deciding on the next course of action after the Trustee has suspended the sale and repurchase of units pursuant to the Deed; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund or each Class of units.

Unless otherwise required or allowed by the relevant laws, a meeting of the Unit Holders summoned by the Trustee pursuant to the above shall be summoned by:

- (a) giving at least fourteen (14) days' written notice to Unit Holders or the Unit Holders of that Class of units; and
- (b) specifying in the notice, the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

11 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The Manager has established and maintains policies and procedures to identify, manage and mitigate actual, potential or perceived conflicts of interest that may arise in the course of managing the Fund.

Where a conflict of interest arises or may arise between the interests of the Fund and those of any director, shareholder, committee member, or employee of the Manager who performs an oversight or decision-making function in relation to the Fund, such person shall declare the conflict and recuse himself or herself from any deliberation, decision-making process or exercise of discretion relating to the matter, in accordance with the Manager's internal governance policies, to preserve the integrity and impartiality of the Fund's operations.

The Fund may enter into transactions with related parties of the Manager. For the purposes of this Information Memorandum, the related parties of the Manager include AmIslamic Funds Management Sdn. Bhd., AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad and AmBank Islamic Berhad.

Such related party transactions may include, but are not limited to:

- dealings in the sale and purchase of investment securities and instruments by the Fund;
- placement of monies in money market deposits or investments; and
- the holding of units in the Fund by related parties in their capacity as investors.

All related party transactions shall be carried out on terms which are fair and reasonable, consistent with prevailing market practices and which are not less favourable to the Fund than those available in comparable arm's-length transactions between independent parties. Such transactions shall be undertaken in accordance with the provisions of the Deed, the Manager's internal policies and applicable regulatory requirements, and shall be subject to appropriate review and oversight.

The Manager may conduct cross trades between funds and private mandates under its management, provided that all applicable regulatory requirements and internal controls are complied with. Notwithstanding the foregoing, cross trades between the personal accounts of employees of the Manager and the Fund's account are strictly prohibited. Any cross trades undertaken shall be subject to review by the relevant person(s) or committee performing an oversight function for the Fund and shall be disclosed in the Fund's periodic reports to Unit Holders.

Trading in securities by directors, committee members performing an oversight function and employees of the Manager is permitted, subject to strict compliance with the Manager's policies and guidelines on conflict of interest management and personal account dealing.

In addition, such individuals are required to disclose any directorships and interests held in any company, to ensure transparency and to facilitate the effective identification, monitoring and management of potential conflicts of interest.

Details of related party transactions and cross trades (if any) will be disclosed in the Fund's reports to Unit Holders in accordance with applicable requirements.

12 ADDITIONAL INFORMATION

12.1 Keeping You Informed

When you invest

A transaction advice slip / tax invoice will be sent to you.

Statement of investment

We will send you a monthly statement. It will state the balance of units held by you together with all transactions made since the last statement.

Reports

We will send you:

- the annual report within two (2) months of the Fund's financial year end; and
- quarterly reports within two (2) months of the end of the period covered.

Tax voucher

We will send you tax vouchers (if any) which will set out the information that is needed to complete your tax return form.

Internet

We publish updated information on our website www.aminvest.com.

Please take note that if you have invested through our appointed distributor via a nominee system of ownership, please obtain the above-mentioned information from that distributor.

12.2 Keeping Us Informed

Changing your account details

You will be required to inform us or your personal adviser from our appointed distributor in writing on any changes of your account details. Account details will amongst other things, include the following:

- your address and e-mail address;
- bank account details;
- signing instructions; and
- how distributions are to be paid (if any).

Kindly ensure that you keep us or your personal adviser from our appointed distributor updated on any changes to your account details. This will enable us to keep you informed of the latest development of your investments and to ensure any payment of distribution (if any) is paid successfully to your account or such cheque/bank draft reaches you successfully at your updated address. Failure to inform us of any changes to your account details may result in us being unable to contact you and failure to make any distribution payment to you, such distribution will become unclaimed moneys and be treated as unclaimed moneys under Section 7.6.

Investor feedback and complaints

We encourage feedback from you in order for us to upgrade our services to meet your needs. Additionally, if you have any complaints, you may direct your complaints to your personal adviser from our appointed distributor. You may also direct your feedback or complaints to us by contacting our customer service representative at (03) 2032 2888 or email enquiries@aminvest.com. If you wish to write to us, please address your letter to:

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

13 DIRECTORY

Head Office AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (03) 2032 2888 Fax: (03) 2031 5210
Email: enquiries@aminvest.com

Postal Address AmFunds Management Berhad
P.O. Box 13611, 50816 Kuala Lumpur

For enquiries about this Fund and any other funds offered by AmFunds Management Berhad, please call (03) 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday-Thursday), 8.45 a.m. to 5.00 p.m. (Friday)

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