

**PING AN OF CHINA ASSET MANAGEMENT FUND**

*société d'investissement à capital variable – organisme de placement collectif en valeurs mobilières  
sous forme de société anonyme*  
4, rue Peternelchen, L-2370 Howald  
R.C.S. Luxembourg: B 226818  
(the “**Company**”)

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**NOTICE TO THE SHAREHOLDERS OF THE COMPANY**

**Ping An of China Asset Management Fund – China Green Bond Fund**  
**Ping An of China Asset Management Fund – China A-shares AI Multi-Factor Fund**  
(each a “**Sub-Fund**” and collectively the “**Sub-Funds**”)

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**Warning: This document is important and requires your immediate attention. If in doubt, please seek professional advice. The Board accept full responsibility for the accuracy of the information contained in this notice (the “Notice”). The Board have taken reasonable care to ensure that the information contained herein is true and accurate in all material respects as at the date hereof and to the best of the knowledge and belief of the Board, there are no other material facts the omission of which would make any statement misleading. Capitalized terms not otherwise defined herein shall have the meaning given to them in the prospectus of the Company dated August 2024 (the “Prospectus”) and the Supplement for Hong Kong Investors dated August 2024 (the “Hong Kong Supplement”) (together, the “Hong Kong Offering Documents”).**

Dear Shareholder,

As the Board of Directors, we hereby give you notice of the following updates and administrative changes:

**1. Luxembourg Regulatory Update**

The Luxembourg supervisory authority of the financial sector (the “**CSSF**”) has issued its Circular 24/856 on the protection of investors in case of a net asset value (“**NAV**”) calculation error, an instance of non-compliance with the investment rules and other errors at Fund level (the “**Circular**”).

The Circular provides for guidelines in case of (i) errors in the calculation of the NAV, (ii) instances of non-compliance with the investment rules applicable to the Company (iii) as well as other errors at the level of the Company (“**Error/non-compliance**”) and relating corrective actions and compensation.

In particular, the Circular requires that when an Error/non-compliance occurs at the level of the Company that the compensation paid out as a result of the corrective actions, the Company must ensure that all investors in the Company, including those having subscribed/redeemed through a financial intermediary, receive the compensation which is due to them.

Where the Company is not in a position to pay out compensation in compliance with the criteria set out above, it must nevertheless ensure that all necessary information related to the Error/non-compliance is provided to the financial intermediaries, as applicable, in order for these financial intermediaries to take on their responsibility and proceed to the necessary compensation towards the investors having subscribed/redeemed through them.

You are hereby informed that in case you have subscribed into the Company (or its Sub-Funds) or will redeem out of the Company (or its Sub-Funds) through a financial intermediary, your rights in case of Error/non-compliance may be affected when compensation is paid out.

The Circular will enter into force on 1<sup>st</sup> January 2025.

## **2. Change of Legal Adviser**

The legal adviser of the Company as to Luxembourg law has changed from Dechert (Luxembourg) LLP to Hogan Lovells (Luxembourg) LLP. The legal adviser of the Company as to Hong Kong law has changed from Dechert to Hogan Lovells.

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The above changes will be reflected in a revised version of the Hong Kong Offering Documents in due course. The current version of the Hong Kong Offering Documents are available free of charge during usual business hours on any Business Day in Hong Kong at the office of the Hong Kong Representative at Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

If you have any questions on the above, please feel free to contact the Management Company at its registered office in Luxembourg or the Hong Kong Representative at Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, or by email at [PUB\\_PAAMHK\\_IS@pingan.com.hk](mailto:PUB_PAAMHK_IS@pingan.com.hk), or by telephone at +852 37629292.

BY ORDER OF THE BOARD OF DIRECTORS

20 December 2024

中国平安资产管理(香港)

PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

SUPPLEMENT FOR HONG KONG INVESTORS

# Ping An of China Asset Management Fund

August 2024

中国平安 PINGAN

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**SUPPLEMENT FOR HONG KONG INVESTORS**

**for**

**Ping An of China Asset Management Fund**

**(a Luxembourg *société d'investissement à capital variable* (investment company with variable capital) established in the form of a *société anonyme* (public limited liability company) under part I of the Luxembourg Act of 17 December 2010 on Undertakings for Collective Investment)**

**August 2024**

## IMPORTANT INFORMATION FOR INVESTORS

**Important** – If you are in any doubt about the contents of the prospectus of Ping An of China Asset Management Fund (the "Company") (the "Prospectus"), this Supplement for Hong Kong Investors (the "Supplement") or the accompanying financial reports, you should seek independent professional financial advice.

This Supplement contains additional information for Hong Kong investors and form part of, and must be read in conjunction with, the Prospectus dated 13 August 2024 (collectively the "**Hong Kong Offering Documents**"). The Hong Kong Offering Documents may not be distributed unless accompanied by the Company's most recent audited annual report together with its interim report if published after the annual report.

The Directors are the persons responsible for the information contained in the Hong Kong Offering Document. The Directors accept full responsibility for the accuracy of the information contained in the Hong Kong Offering Documents and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement misleading. However, neither the delivery of the Hong Kong Offering Documents nor the offer or issue of shares shall under any circumstances constitute a representation that the information contained in the Hong Kong Offering Documents is correct as of any time subsequent to such date. The Hong Kong Offering Documents may from time to time be updated. Prospective applicants for shares should ask the Hong Kong Representative if any changes to the Hong Kong Offering Documents or any later offering document have been issued.

Investors should note that no person is authorised to give any information or to make any representations concerning the Company other than as contained in the Hong Kong Offering Document and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Hong Kong Offering Document shall be solely at the risk of the investor.

The Hong Kong Offering Document does not constitute an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not lawful or in which the person making the offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

### **Hong Kong Public Offering**

Only the Company and the Sub-Funds set out below are authorised by the SFC for offering to the public in Hong Kong pursuant to Section 104 of the SFO. **SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean that the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC does not take any responsibility as to the financial soundness of the Company, the accuracy of the statements made or opinions expressed in the Hong Kong Offering Documents.**

Warning: In relation to the sub-funds as set out in the Prospectus, only the Fund and its following Sub-Funds are authorized by the SFC pursuant to section 104 of the SFO and hence may be offered to the public of Hong Kong:-

- Ping An of China Asset Management Fund – China Green Bond Fund

- Ping An of China Asset Management Fund – China A-shares AI Multi-Factor Fund

No offer shall be made to the public of Hong Kong in respect of the above unauthorized sub-fund. The issue of the Prospectus was authorized by the SFC only in relation to the offer of the above SFC-authorized funds to the public of Hong Kong. Intermediaries should take note of this restriction.

For as long as the Company and the Sub-Funds offered under this Supplement remain authorised by the SFC, Hong Kong investors should note the specific disclosures below in connection with the offering of shares of the Company to the Hong Kong public, which shall supersede and prevail over any inconsistent statements set out in the Prospectus:

- (a) the following disclosures in the Prospectus shall be disregarded and disappplied:
  - a. in the sub-section of the Prospectus headed "Prospectus – Articles of Incorporation – Application Form" under the section headed "IMPORTANT INFORMATION", the following text:

"The Prospectus is provided for information only and is not intended to be taken as the basis for any investment decision or any offer to subscribe for shares in the Company. By accepting this Prospectus and any other information supplied to investors by the Company or its initiators the recipient agrees that such information is confidential. The information contained in the Prospectus and any other documents relating to the Company may not be provided to persons (other than professional advisers or service providers) who are not directly concerned with any decision on the investment offered hereby. Neither the recipient nor any of its directors, employees or agents will use the information for any purpose other than for evaluating the possibility of an investment in the Company or divulge such information to any other party. The recipient and any of its directors, employees or agents acknowledge that this Prospectus may not be photocopied, reproduced or distributed to others without the prior written consent of the Company or its initiators."
  - b. the paragraph in the Prospectus headed "Hong Kong" under the sub-section headed "Selling and transfer restrictions" under the section headed "IMPORTANT INFORMATION"
- (b) the Hong Kong Offering Document will be translated and made available in English and Chinese, and, the Chinese version of the Hong Kong Offering Document shall be of equal standing to its English version.

The information contained in the section titled "Profile of the typical investor" in the Prospectus is provided for reference only. Before making any investment decisions, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives. If in doubt, investors should consult their stockbrokers, bank managers, solicitors, accountants, representative banks or other financial advisers.

The Hong Kong Offering Documents and the latest annual and semi-annual reports of the Company (if any) are available from the Hong Kong Representative:

***Hong Kong Representative***

Ping An of China Asset Management (Hong Kong) Company Limited

Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong  
Tel: +852 37629292  
Email: PUB\_PAAMHK\_IS@pingan.com.hk

### **Enquiries and Complaints**

Investors may contact the Hong Kong Representative for any queries or complaints in relation to the Company at the office of the Hong Kong Representative or at +852 37629292.

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## 1. GLOSSARY

Terms and expressions defined in the Prospectus will, unless otherwise defined in the Supplement, have the same meaning when used in the Supplement.

**"A-Shares"** mean securities of companies incorporated in China and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic investors and qualified foreign institutional investors.

**"Below Investment Grade"** means having a rating of BB+ or below (by Standard & Poor's or an equivalent international agency, which shall not include Mainland Chinese credit agencies) or if unrated (i.e. no rating is available from either Standard & Poor's, Fitch or Moody's) or if the Investment Manager otherwise determines notwithstanding a credit rating of above BB+ (by Standard & Poor's or an equivalent agency), determined by the Investment Manager to be of comparable quality. For avoidance of doubt, if the ratings of the security from different rating agencies are different, the lowest rating will apply. In making such determination and as part of its credit analysis, the Investment Manager also incorporates qualitative and quantitative assessments.

**"China", "Mainland China" or "PRC"** means the People's Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this Supplement.

**"connected person"** in relation to a company means:

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company;
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a);
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (i), (ii) or (c).

**"Dealing Application"** means an application for subscription, switching and/or redemption of shares of the Company, as the context allows.

**"Dealing Day"** means a day on which banks in Hong Kong are open for normal banking business provided that where, as a result of adverse weather conditions, the period during which banks are open on any day is reduced, such day shall not be a Dealing Day unless the Directors otherwise determine.

**"Dealing Deadline"** means in relation to the application for subscription, redemption or switching of shares of any Sub-Fund, by or before 3:00 pm (Hong Kong time) on a Dealing Day.

**"Depository"** means HSBC Continental Europe, Luxembourg Branch (previously named HSBC France, Luxembourg Branch).

**"FII Regulations"** means the Regulations on Funds of Securities and Futures Investment by Foreign Institutional Investors (PBOC & SAFE Announcement [2020] No. 2).

**"Greater China"** means Mainland China, Hong Kong, Macau and Taiwan.

**"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China.

**"Hong Kong Representative"** means Ping An of China Asset Management (Hong Kong) Company Limited, or any successor Hong Kong Representative as appointed from time to time by the Company.

**"Investment Grade"** means a rating of investment grade from an internationally recognised credit rating organisation (i.e., Baa3 or higher by Moody's or BBB- or higher by Standard & Poor's and BBB- or higher by Fitch or an equivalent international ratings agency, which shall not include Mainland Chinese credit agencies). As part of its credit analysis, the Investment Manager also incorporates qualitative and quantitative assessments.

**"QFII"** means a qualified foreign institutional investor approved under the FII Regulations.

**"Regulation S"** refers to the exclusion from section 5 registration requirements of the Securities Act of 1933 as amended for offerings made outside the United States by issuers in the United States and outside the United States.

**"SFC"** means the Securities and Futures Commission of Hong Kong or any successor body.

**"SFO"** means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended from time to time.

**"Stock Connect"** means the Shanghai-Hong Kong Stock Connect scheme and the Shenzhen-Hong Kong Stock Connect scheme.

**"Sub-Funds"** means the sub-funds of the Company that are authorised by the SFC pursuant to section 104 of the SFO and hence may be offered to the public of Hong Kong as set out in the section titled "IMPORTANT INFORMATION FOR INVESTORS" in this Supplement.

## **2. GENERAL INFORMATION ON THE COMPANY**

Save for the Hong Kong Representative, details of other service providers to the Company are set out in the Prospectus.

### **2.1 Directors of the Company and the Management Company**

The directors of the Company are set out in the section in the Prospectus headed "DIRECTORY". The registered address of the directors is Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre 8 Finance Street, Central, Hong Kong.

The directors of the Management Company are set out in the section headed "DIRECTORY" in the Prospectus. The registered address of its directors is Carne Global Fund Managers (Luxembourg) S.A., 3, rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg

### **2.2 The Hong Kong Representative**

The Hong Kong Representative is Ping An of China Asset Management (Hong Kong) Company Limited, a Hong Kong company with its registered office address at Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre, 8 Finance Street, Central Hong Kong. The Hong Kong Representative has entered into an agreement with the Company pursuant to which the Hong Kong Representative has been appointed to act as its representative and is authorised to receive Dealing Applications from persons in Hong Kong.

## **2.3 The Depositary**

Details of the Depositary are set out in the section titled "17. Depositary" of the Prospectus. As set out in the Depositary Agreement, in delegating its functions to a sub-custodian, the Depositary (i) exercises all due skill, care and diligence in the selection, and the appointment of the sub-custodian, (ii) carries out periodic reviews and ongoing monitoring of any sub-custodian to which the Depositary has delegated its tasks and of the arrangements of the sub-custodian in respect of the matters delegated to it, and (iii) continues to exercise all due skill, care and diligence in carrying out such review and monitoring to confirm that the obligations of the sub-custodian continue to be discharged competently.

## **3. OVERVIEW OF THE SUB-FUNDS**

### **3.1 Investment Objectives and Policies**

The assets of each Sub-Fund will be invested in accordance with the investment objectives and policies of the Sub-Fund, which are set out in the Sub-Fund Appendices.

Each Sub-Fund's investments shall be subject to the general investment restrictions as set out under Appendix I of the Prospectus headed "GENERAL INVESTMENT RESTRICTIONS" and the specific investment restrictions set out in the relevant Sub-Fund Appendix. In conjunction with the specific investment objective and policies of each Sub-Fund as set out in the relevant Appendix, further clarificatory information is disclosed below.

#### **3.1.1 China Green Bond Fund**

##### *Investment Objective*

The Sub-Fund aims to achieve absolute return from investment income and long term capital appreciation. The Sub-Fund mainly invests in international standard aligned green bonds (i.e. those which follow Green Bond Principles of the International Credit Market Association) issued by Greater China issuers with the aim to promote green financing, bring upon advancement in environmental friendly investments and social awareness in this region.

##### *Investment Strategy*

The Sub-Fund will invest at least 60% of its net assets in fixed income instruments predominantly issued by issuers, including sovereigns, quasi-sovereigns, supranationals, financial institutions as well as corporates, in Greater China, including in Mainland China on the China Interbank Bond Market (the "CIBM") via the Bond Connect and/or a Qualified Foreign Institutional Investor ("QFII"). Such fixed income securities shall include urban investment bonds (城投債), which are debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and inter-bank bond market. The Sub-Fund may also diversify its investment strategy by investing the rest of its net assets into other global markets that are consistent with the investment objective. The Sub-Fund will not invest in more than 60% of its net assets in Mainland China securities via a QFII.

At least 70% of the Sub-Fund's assets shall qualify as green fixed income instruments. Green fixed income instruments are those which follow Green Bond Principles of the International Credit Market Association. This includes those which are defined as "eligible green" by (i) Climate Bond Initiatives (CBI) in accordance with the Climate Bonds Taxonomy and/or (ii) any equivalent green classification standard which uses in-depth evaluating methods and is made in-

line with the Green Bond Principles, and takes into account industry specific criteria and on-going independent assessments that are aligned with international green standards. Instruments defined as "eligible green" are those which either conform to the (i) Climate Bonds Taxonomy, which identifies assets and projects needed to deliver a low carbon economy and gives greenhouse gas emissions screening criteria consistent with the 2-degree global warming target set by the Paris Agreement Under the United Nations Framework Convention on Climate Change (the "Paris Agreement"), or (ii) an equivalent green classification standard mentioned above.

Green Bond Principles are voluntary process guidelines issued by the International Capital Market Association (ICMA) that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuance of a green bond. The Green Bond Principles have the following four core components: (i) use of proceeds, (ii) process for project evaluation and selection, (iii) management of proceeds, and (iv) reporting. To align with these four core components of the Green Bond Principles, issuers of green bonds shall: (i) indicate that proceeds will be used to finance "green"/climate projects; (ii) have process to identify qualifying projects based on sound methodology and clear criteria; (iii) allocating proceeds to the identified projects and not to other general expenses/investments; (iv) report, at least annually, the status of the use of proceeds, the status of projects and the actual environmental impact.

As its investment process, the Investment Manager would first determine the investible green fixed income universe, for which the Investment Manager will primarily consider CBI's list of fixed income instruments - categorised into "eligible green", "pending" and "excluded". Only instruments labelled as "eligible green" and "pending" will be considered as part of the investible green fixed income universe by the Investment Manager. Instruments labelled as "pending" will be considered by the Investment Manager if its preliminary assessment indicates the instrument fulfils the requirements of the Climate Bonds Taxonomy based on the Investment Manager's research and any second opinions. Second opinions that are in line with Green Bond Principles provided by other reputable service providers on whether the fixed income instrument should be considered by the Investment Manager where available will be considered, such as those by Sustainalytics, CICERO, Vigeo Eiris, KPMG, Ernst and Young and Moody's.

Once the investible green fixed income universe is determined, the Investment Manager's securities selection and investment decision will be based on bottom up credit analysis, credit risk, asset allocation considerations, and other considerations such as risk diversification in pursuit of the Sub-Fund's investment objective.

Any self-declared green bonds which do not fulfil the standards set by CBI and/or any equivalent green classification standard may not be included within the investable universe of the Sub-Fund. Otherwise, there is no other exclusion policy in respect of the securities invested by the Sub-Fund.

The Sub-Fund may invest up to 40% of its net assets in debt securities that at the time of acquisition have a rating of Below Investment Grade with the aim of achieving an overall Sub-Fund average rating of BBB- or above by Standard & Poor's or an equivalent international agency (excluding credit rating agencies in Mainland China).

The Sub-Fund may conduct securities lending, over-the-counter sale and repurchase and/or reverse repurchase transactions in aggregate of up to 40% of its net assets.

The Sub-Fund may invest below 20% of its net assets in fixed-income securities with loss absorption features including contingent convertible securities and senior non-preferred debt. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Subject to the investment strategy set out herein, the Sub-Fund may invest below 20% of its net assets in asset-backed securities (including asset pools in credit card loans, auto loans and collateralised debt obligations) and mortgage-backed securities that at the time of purchase have a rating of Investment Grade. The Sub-Fund may also invest below 20% of its net asset value in asset-backed securities and mortgage-backed securities that at the time of purchase have a rating of Below Investment Grade.

During exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may hold all or a significant portion of its net assets in liquid assets, such as money market instruments and fixed deposits with a term to maturity not exceeding 12 months at credit institutions. There is no restriction concerning the currencies in which these liquid assets are denominated.

### **3.1.2 China A-Shares AI Multi-Factor Fund**

#### *Investment Objective*

The investment objective of the Sub-Fund is to achieve stable excess returns above CSI 300 Total Return Index as the benchmark. The CSI 300 Total Return Index is provided by China Securities Index Co., Ltd, a recognised benchmark administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 32 of the Benchmark Regulation.

#### *Investment Strategy*

The Sub-Fund will primarily invest at least 70% of its net assets in A-Shares of companies issued in the People's Republic of China ("PRC") and listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange ("China A-Shares") via the QFII regime and/or the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Programs ("Stock Connect"). The Sub-Fund may invest up to 50% of its net assets in China A-Shares listed on the ChiNext market and/or the Science and Technology Innovation Board (the "STAR Board"). The Sub-Fund may invest below 10% of its net assets in ETFs which track the performance of the CSI 300 Total Return Index.

The Sub-Fund employs multi-factor models to construct a well-diversified equity portfolio of China A-shares as well as, to a limited extent, ETFs (subject to the 10% of net assets limit set out above), cash, money market instruments and fixed deposits. Advanced artificial intelligence (AI) techniques are applied to (i) derive factors from aggregated raw financial data, which include fundamental data (such as P/E ratio, earnings per share, return on equity) and trading data (such as price, volume, volatility and momentum); and (ii) calculate the alpha score of individual securities, so that the Investment Manager may optimise the Sub-Fund's portfolio (i.e. by maximizing the weighted sum of alpha score of stocks in the portfolio subject to relevant constraints, such as diversification requirements). The optimization parameters are chosen and the ensuing portfolio construction is carried out by the members of the portfolio management team of the Investment Manager.

The AI techniques used by the Sub-Fund include:

- (i) Lasso Regression which is an advanced version of traditional regression with improved prediction accuracy by removing unnecessary variables;
- (ii) Gradient Boosting, which is a technique that produces a prediction model in the form of decision trees; and
- (iii) Deep Neural Network, which is a machine learning methodology that mimicks the neurobehaviour in the human brain

The alpha score of a security represents the risk adjusted return of a stock after factoring out market risk. The Investment Manager aims to maximise the weighted average sum of the alpha score of the stocks in the Sub-Fund's portfolio in order to achieve its investment objective to achieve stable excess returns above CSI 300 Total Return Index.

The total value of cash, cash equivalent instrument and money market instruments will not exceed 25% of the net assets of the Sub-Fund.

It is currently not intended that the Sub-Fund enter into securities lending transactions, repurchase or reverse repurchase transactions.

Any currency exposure other than the Base Currency may or may not be hedged.

### **3.2 Use of Derivatives and other Investment Techniques**

Subject to the investment policy of each Sub-Fund, the Sub-Funds may use financial derivative instruments for investment, hedging and efficient portfolio management purposes. In this regard, particular attention should be paid to Appendix I on "GENERAL INVESTMENT RESTRICTIONS" in the Prospectus with respect to the types of financial derivative instruments that may be used.

The expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) arising from derivative investments in respect of each Sub-Fund is 50% of their Net Asset Value. Net derivative exposure shall be calculated in accordance with the Code on Unit Trusts and Mutual Funds and the requirements and any supplementary guidance and/ or guidelines issued by the SFC from time to time.

In any event, the maximum level of leverage through the use of financial derivative instruments will not exceed 100% of net asset value as calculated under the commitment approach provided by Article 47 of the CSSF Regulation No. 10-4.

### **3.3 Liquidity Risk Management**

Although the Management Company has a liquidity risk management policy as set out in the section titled "3. Risk Management Process" in the Prospectus, the Management Company has delegated the day-to-day aspects of liquidity risk management to the Investment Manager, whose liquidity risk management policy is set out in the section titled "15. Investment Manager" in the Prospectus.

Liquidity risks are monitored and overseen by the Investment Manager's risk management committee, which is hierarchically and functionally independent from the day-to-day portfolio investment function, and typically meet on a monthly basis.

Where a Sub-Fund is unable to meet its internally set liquidity targets and the portfolio management function, the Investment Manager has in place policies and procedures to escalate the incident to the risk management committee so that it is able to exercise its oversight role in a timely manner.

#### **4. ADDITIONAL RISK FACTORS**

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of shares of any Sub-Fund and the income from them may go down as well as up. There is no guarantee of the repayment of principal. Before investing in the Company, potential investors should consider the risks involved. Potential investors should read the Hong Kong Offering Documents in its entirety, particularly section 4 of the Prospectus headed "RISK CONSIDERATIONS", the specific risk factors applicable to each Sub-Fund in the relevant Appendix and the additional risk factors and disclosures summarised below.

##### **4.1 Concentration Risk**

Where a Sub-Fund's investments are concentrated in geographic region, country or sector, the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the geographic region, country or sector in which the Sub-Fund's investments are focused.

##### **4.2 Credit Rating Risk**

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

##### **4.3 High Yield Bonds risk**

A Sub-Fund may invest in high yield bonds (i.e. debt securities rated Below Investment Grade). Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. Investors should note that high yield bonds do not guarantee higher yields.

##### **4.4 Sovereign debt risk**

A Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

##### **4.5 Valuation risk**

Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.

#### **4.6 Volatility and liquidity risk**

The debt securities in certain markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the fund may incur significant trading costs.

#### **4.7 Risks associated with investments in debt instruments with loss-absorption features**

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

Please refer to the subsection headed "Contingent Convertible Securities" in section 4 of the Prospectus "RISK CONSIDERATIONS" for risks with respect to Contingent Convertible Securities.

#### **4.8 Risks associated with artificial intelligence and multi factor investing**

The multi factors and AI techniques used in the management of a relevant Sub-Fund rely on the use of models and data. When models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Sub-Fund to potential risks, such as leading to the Investment Manager to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether.

The use of predictive models has inherent risks. Such models may incorrectly forecast future behaviour, leading to potential losses on a cash flow and/or a mark-to-market basis. In unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Sub-Fund.

As predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" may differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments.

#### **4.9 Risks associated with private strategy**

A Sub-Fund may make investments in securities issued via private placements. Such transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, typically at a discount to the market price of the issuer's securities. Securities issued in this manner is often subject to transfer restrictions and is therefore less liquid than securities issued through a registered public offering. Under the



terms of such transactions, the Sub-Fund may be subject to lock-up agreements that prohibit transfers for a fixed period of time. As such, securities issued via private placement are subject to the risk that the Sub-Fund cannot liquidate their positions even if the price of the security falls. Such securities may also be subject to higher volatility and bid/ask spreads than securities traded publicly.

#### **4.10 Risks associated with investments via the Stock Connect**

Additional to the disclosures set out in section 4 of the Prospectus headed "RISK CONSIDERATIONS", investors should also note the following risks associated with investments via the Stock Connect.

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("SZSE") and ChinaClear. The aim of the Stock Connect is to achieve mutual stock market access between Mainland China and Hong Kong.

##### *Quota limitations*

The Daily Quota in respect of Northbound trading on the Stock Connect does not belong to the Company or the relevant Sub-Fund and is utilised on a first-come-first-serve basis.

##### *Suspension risk*

Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is effected, the Sub-Fund's ability to access the China A-Shares via the Stock Connect will be adversely affected.

##### *Differences in trading day*

The Stock Connect only operates on days when both the PRC and Hong Kong stock exchanges are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC stock exchanges but Hong Kong stock exchanges or banks are closed, and overseas investors (such as the Sub-Fund) cannot carry out any China A Shares trading. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in China A Shares on a day that the PRC stock exchanges are open for trading, but the Hong Kong stock exchanges are closed.

##### *Recalling of eligible stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Sub-Fund, for example, when the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

##### *Ownership of securities*

The Hong Kong Securities Clearing Company Limited ("**HKSCC**") is the nominee holder of the China A-Shares acquired by Hong Kong and overseas investors (including the Sub-Funds) through the Stock Connect. The current Stock Connect rules expressly provide for the concept of a "nominee holder" and there are other laws and regulations in the PRC which recognise the concepts of "beneficial owner" and "nominee holder". Although there is reasonable ground to believe that an investor may be able to take legal action in its own name to enforce its rights in the courts in the PRC if it can provide evidence to show that it is the beneficial owner of the China A-Shares and that it has a direct interest in the matter, Investors should note that some of the relevant PRC rules related to nominee holder are only departmental regulations and are generally untested in the PRC. There is no assurance that the Sub-Fund will not encounter difficulties or delays in terms of enforcing its rights in relation to China A Shares acquired through the Stock Connect.

#### **4.11 Risk associated with the ChiNext market and/or the STAR Board**

Higher fluctuation on stock prices and liquidity risk: Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on ChiNext market and/or STAR Board are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.

Over-valuation risk: Stocks listed on the ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares. Price corrections in such stocks may lead to losses to the value of the relevant Sub-Fund.

Differences in regulation: The rules and regulations regarding companies listed on the ChiNext market and/or STAR Board are less stringent in terms of profitability and share capital than those in the main board. The stocks of such companies may therefore be subject to higher company specific risks than those of the main board.

Delisting risk: It may be more common and faster for companies listed on ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted, as the stock of such companies will be subject to significantly reduced liquidity.

Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

Investments in the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its investors.

#### **4.12 Risks associated with trading via QFII**

Additional to the disclosures set out in section 4 of the Prospectus headed "RISK CONSIDERATIONS", investors should also note the following disclosures associated with investments via QFII.

The execution and settlement of transactions may be conducted by PRC brokers appointed by the QFII, as the case may be. There is a risk that a Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC brokers. In such event, the relevant Sub-Fund may be adversely affected in the execution or settlement of any transaction. If the QFII, as the case may be, consider appropriate and if under market or operational constraints, it is possible that a single PRC broker will be appointed and the relevant Sub-Fund may not necessarily pay the lowest commission or spread available in the market at the relevant time.

The relevant Sub-Fund may suffer substantial losses if any of the key operators or parties (including QFII Custodian and PRC brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Currently, no regulatory prior approval is required for repatriation of funds from the QFII. Although the relevant FII Regulations have recently been revised to relax regulatory restrictions on the onshore capital management by QFIIs (including removing investment quota limit and simplifying process for repatriation of investment proceeds), it is a very new development therefore subject to uncertainties as to how well it will be implemented in practice, especially at the early stage.

The FII Regulations are subject to change, and such changes may take retrospective effect. There can be no assurance that the Sub-Fund will not be adversely affected by such changes.

The Depositary has put in place proper arrangements to ensure that:

- (a) the Depositary takes into its custody or under its control the assets of the relevant Sub-Fund, including onshore PRC assets which will be maintained by the QFII Custodian via the securities account(s) with the relevant depositories and any assets deposited in the cash account(s) with the QFII Custodian(s), and holds the same in trust for the shareholders;
- (b) cash and registrable assets of the relevant Sub-Fund, including assets deposited in the securities account(s) with the relevant depositories and cash of the relevant Sub-Fund deposited in the cash account(s) with or otherwise held by the QFII Custodian, are registered in the name of or held to the order of the Depositary; and
- (c) the QFII Custodian will look to the Depositary (directly or indirectly) for instructions and solely act in accordance with the Depositary's instructions, save as otherwise required under applicable regulations.

#### **4.13 Risks relating to investment in urban investment bonds (城投債)**

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

#### **4.14 Risks relating to PRC tax**

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by a foreign investor on its investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.

Based on professional and independent tax advice, the Investment Manager will make a tax provision of 10% for withholding income tax with respect to dividends received from China A-shares via the QFII regime and no provisions for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect.

Any shortfall between the provision and the actual tax liabilities debited from the Sub-Fund's assets will adversely affect the Sub-Fund's net asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

#### **4.15 Risks relating to securities financing transactions**

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

In the event of the failure of the counterparty to a repurchase agreement with which collateral has been placed, a Sub-Fund that engages in a repurchase agreement 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.

In the event of the failure of the counterparty to a reverse repurchase transaction with which cash has been placed, a Sub-Fund that engages in a reverse repurchase transaction 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.

#### **4.16 Risks of investing in other collective investment schemes**

The underlying collective investment schemes in which a Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

#### **4.17 Risks associated with investing in a green bond strategy**

Sub-Funds that primarily invest in green fixed income instruments carry the risk that, under certain market conditions, the Sub-Fund may underperform funds that do not focus on green fixed income instruments. As the Sub-Fund has a focus on green fixed income instruments, the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

The implementation of a green bond investment strategy may result in a Sub-Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so. This may adversely affect the Sub-Fund's investment performance.

In assessing the eligibility of an issuer, there is a dependence upon information and data from external research data providers and internal analyses, which may be subjective, incomplete, inaccurate or unavailable. In addition, there is a lack of standardized taxonomy of green fixed income instruments. As a result, there is a risk of incorrectly or subjectively assessing a security or issuer or there is a risk that the Sub-Fund could have exposure to issuers who do not meet the relevant criteria.

Neither the Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of external research data, the application of the standards issued by Climate Bond Initiatives, the Green Bond Principles or any other standards used by the Investment Manager, and the correct execution of green bond strategy.

The securities held by a Sub-Fund may be subject to the risk that its investments no longer meet the Sub-Fund's investment criteria after investment. The Investment Manager might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a fall in the Sub-Fund's net asset value.

#### **4.18 Risks associated with distribution effectively out of capital**

Dividends effectively paid out of capital of a Sub-Fund would amount to a return or withdrawal of part of the amount of an investor's original investment, or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate decrease in the Net Asset Value per Share.

The dividends and the Net Asset Value of hedged Share Classes may also be adversely affected by the differences in the interest rates of the reference currency of such Share Class and the Sub-Fund's base currency, resulting in an increase in the amount of dividends that is paid out of capital and hence a greater erosion of capital than other Share Classes.

### **5. DEALING PROCEDURES**

Hong Kong investors should refer to the section 6 of the Prospectus headed "How to Subscribe" as well as this section for certain dealing procedures applicable to subscriptions, switching and redemption of shares in Hong Kong. In the event of any inconsistencies, the procedures set out herein this section shall prevail.

#### **5.1 Shares available for investment**

Hong Kong Investors should refer to the relevant key facts statement of each Sub-Fund to determine the share classes available for investment.

#### **5.2 Hong Kong Application Procedure**

##### **5.2.1 Application Forms and Dealing Applications**

All forms for Application Forms (for first time subscription) and Dealing Applications may be obtained from the Hong Kong Representative.

Dealing Applications and Application Forms should be submitted on a Dealing Day to the Hong Kong Representative, who is authorised to receive Dealing Applications on the Company's behalf for transmission to the Company and/or the Registrar and Transfer Agent. Dealing Applications may be submitted by facsimile (at their own risk) or by post, while original versions of the Application Forms must be submitted by post.

No responsibility will be accepted by the Management Company, the Hong Kong Representative or the Registrar and Transfer Agent for any loss arising from applications sent by facsimile to, but not received by, the Hong Kong Representative.

#### **5.2.2 Content and Form of Application Forms and Dealing Applications**

Application Forms must be accompanied by all supporting documents (including those for verification purposes), and where applicable, original versions of the same.

Dealing Applications for the redemption and switching of shares must contain full details of the shareholder's name and address, the relevant account number, the name of the relevant Class of shares, the number of shares to be redeemed and settlement details (eg. the relevant bank account, currency, name and number where redemption proceeds should be paid).

Any incomplete Application Forms and/or Dealing Applications may be rejected by the Company.

#### **5.2.3 Dealing Deadline**

Dealing Applications received by the Hong Kong Representative by the Dealing Deadline on a Dealing Day will be transmitted as soon as practicable after receipt, and such Dealing Applications will normally be notified to the Company and/or the Registrar and Transfer Agent on the same day. Dealing Applications received after the Hong Kong Dealing Deadline will be deemed received on the following Dealing Day.

Investors in Hong Kong should also check with their respective Hong Kong distributor(s) or intermediary(ies) for their respective cut-off times for receipt of Dealing Applications, as this may vary depending on the particular Hong Kong distributor or intermediary.

The Hong Kong Representative has no authority to agree on behalf of the Company (or otherwise) that the applications will be accepted or rejected. The monies paid in respect of any rejected application will be returned to the applicants at their own risk and without interest.

#### **5.2.4 Contract Note**

Each successful Dealing Application will be acknowledged by a contract note issued by the Hong Kong Representative confirming the particulars of the subscription, switching or redemption (as applicable).

#### **5.2.5 Data protection**

Investors should refer to the sub-section headed "Data protection policy" in section 6 of the Prospectus headed "How to Subscribe" for the Company's data protection policy. Hong Kong

investors should note that any data requests may be directed at the Hong Kong Representative as set out in paragraph 12 of this Supplement.

### **5.3 Payment of Subscriptions**

**No money should be paid to a salesman or intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO. No cash or third party payments will be accepted.**

#### **5.3.1 Timeframe for payment of subscription monies**

Investors may pay their subscription monies in the manner and to the account details specified in the relevant Application Forms.

The subscription monies must be received as cleared funds by the Company in accordance with the timeframes set out in the Prospectus. Once the subscription monies are received in cleared funds, the Company will allocate the shares without delay.

#### **5.3.2 Payment Currencies**

Subscription proceeds must be paid in the Reference Currency of the relevant Class specified in the relevant Sub-Fund Appendix. Payments in currencies other than the Reference Currency of the relevant Class are not be accepted/may be accepted at the absolute discretion of the Management Company. Any costs, bid/spreads and currency exposure will be borne entirely by the investor.

#### **5.3.3 Late Payment**

If subscription moneys do not arrive within the timeframe specified above, the Company may charge interest on any overdue monies on a daily basis until payment is received in full at the prevailing market rate. Regardless of whether interest is charged, the Company has the right to cancel any issuance of shares, in which case the Company and/or the Hong Kong Representative on behalf of the Company shall be entitled to claim from an investor the amount (if any) by which the original subscription price exceeds the redemption price, together with any accrued interest prevailing on the date of cancellation. In addition, the Company and/or the Hong Kong Representative on behalf of the Company reserves its right to claim all losses arising directly or indirectly from the failure to receive cleared funds from the investor within the specified period or at all.

#### **5.3.4 Subscriptions In-Kind**

Subscriptions in-kind, as set out in the section 6 of the Prospectus headed "How to Subscribe", will only be carried out where it is in the best interests of the existing investors of the relevant Sub-Fund, and subject to a valuation report by the Auditor and with the consent of the Depositary, who shall verify that all in-kind assets proposed to be accepted by the relevant Sub-Fund are eligible investments of the Sub-Fund, and that such assets are valued in accordance with the Company's valuation policy.

### **5.4 Switching of Shares**

Subject to any restrictions on switching with respect to the Class of shares as set out in the relevant Sub-Fund Appendix in the Prospectus, Hong Kong investors may only switch their shares in a Sub-Fund to shares in another Sub-Fund that is authorised by the SFC in Hong Kong.

## **5.5 Settlement of Redemptions**

### **5.5.1 Timeframe for payment of redemption proceeds**

Redemption proceeds will normally be remitted in accordance with settlement details given to the Hong Kong Representative, usually within five Business Days of the relevant Valuation Day for which the redemption request is accepted. In any case, redemption proceeds will be paid to investors within one calendar month of the Company's and/or Registrar and Transfer Agent's receipt of the properly documented Dealing Application for redemption of shares.

### **5.5.2 Settlement Currencies**

The redemption proceeds will be paid in cash in the Reference Currency of the relevant Class. Settlements in currencies other than the Reference Currency of the relevant Class will not be made/may be made upon request to the Hong Kong Representative, who may on behalf of Company accept or reject such request at their absolute discretion. Any costs, bid/spreads and currency exposure will be borne entirely by the investor.

### **5.5.3 Redemptions In-Kind**

## **5.6 Redemptions in-kind, as set out in the section 7 of the Prospectus headed "How to sell Shares", will only be carried out subject to a valuation report by the Auditor and with the consent of the Depositary, who shall verify that such assets are valued in accordance with the Company's valuation policy. Notwithstanding the disclosures in the Prospectus, for as long as a Sub-Fund is authorised with the SFC, costs associated with a redemption in-kind shall not be borne by the Company nor the Sub-Fund.**

## **5.7 Compulsory Redemptions**

Where the Management Company decides to compulsorily redeem shares of a shareholder in accordance with the Articles of Association, it shall do so acting in good faith and on reasonable grounds pursuant to applicable laws and regulations.

## **5.8 Processing of Deferred Redemptions**

Redemptions that are deferred when processed will be effected on a pro-rata basis in priority to the redemption requests received on such following Valuation Day.

## **5.9 Publication of Share Prices**

The Net Asset Value per share of Classes offered in Hong Kong are published on <http://asset.pingan.com.hk>\*.

## **5.10 Fair Value Pricing**

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\* The website has not been reviewed by the SFC and may contain information on funds not authorized by the SFC.



Section 10.1 of the Prospectus headed "Calculation of the net asset value" sets out the Company's Valuation Principles. Where fair value adjustments are made, they shall be made with due skill, care and diligence and in good faith in consultation with the Depositary.

### **5.11 Suspension in the Calculation of Net Asset Value**

A suspension of the calculation of Net Asset Value in respect of a Class and/or Sub-Fund may be carried out as set out in section 10.2 of the Prospectus.

Notice of any suspension and resumption of the calculation of the Net Asset Value will be published without delay on <http://asset.pingan.com.hk><sup>\*</sup>, and all shareholders who have requested the redemption or switching of their shares will be informed.

### **5.12 Swing Pricing and Dilution Levy**

Please refer to the section titled "Swing Pricing/Dilution Levy" in the Prospectus for details of the Company's Swing Pricing and Dilution Levy policy. As set out in each Sub-Fund Appendix, the dilution levy will only apply to net redemption transactions exceeding the thresholds set out therein. Notwithstanding the disclosures in each Sub-Fund Appendix, no separate swing pricing mechanism will be used in such instances, and the Company will not apply the swing pricing mechanism simultaneously with the dilution levy on redemption transactions

For avoidance of doubt, it is currently not the intention of the Company to apply a dilution levy or swing pricing mechanism on net subscriptions.

## **6. DIVIDEND POLICY**

### **6.1 Distributing Classes**

Dividends in respect of dividend distributing Classes will be paid out of net income, calculated by deducting all costs (which shall include all payable charges, fees, expenses, taxes) from all income (which shall include income from interest and dividends and net realized capital gains) - unrealised price gains may be included in this calculation at the Company's discretion. However, the Company will only allow the incorporation of unrealized price gains in exceptional circumstances, and in any event, will not carry out a distribution if it causes the net asset value to drop below minimum capital amount of the Company as prescribed by the 2010 Law. In this sense, the Company may pay dividends effectively out of capital. Dividends effectively paid out of capital of a Sub-Fund would amount to a return or withdrawal of part of the amount of an investor's original investment, or from any capital gains attributable to that original investment.

The Company may, at any time, amend the dividend policy, subject to prior regulatory approval and to one month's prior notice to the relevant shareholders.

Any dividends declared and payable will be paid in the Reference Currency of the relevant Class and will be paid in cash or may be applied to subscribe for additional shares in the relevant Class at the option of the shareholder as indicated in the shareholder's Dealing Application. Any payment of distribution in cash will be normally paid in such manner as set out in the Dealing Application and will be paid within thirty (30) Business Days of the date after the declaration. No third party payments will be permitted. Any costs incurred in such payment of dividends,

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<sup>\*</sup> The website has not been reviewed by the SFC and may contain information on funds not authorized by the SFC.

including but not limited to costs in connection with telegraphic transfer and currency exchange transactions as well as any risk associated with such payment, including but not limited to foreign exchange risk, will be borne by the shareholder.

The composition of dividends (i.e., the relative amounts paid out of net distributable income and capital) (if any) paid on the Classes for the preceding 12 months and information on the history of dividend payments in respect of a distributing share Class is available from the Hong Kong Representative upon request as well as on the website <http://asset.pingan.com.hk>\*.

## **7. FEES AND CHARGES**

The disclosures in this section are additional to those relating to fees and charges payable by the Company set out in the Prospectus. Any introduction of new fees and charges or increase in fees or charges beyond the maximum levels as disclosed, will be subject to the SFC's prior approval, and upon obtaining such approval, shareholders will be given not less than one (1) month in advance of the implementation of any such increases.

### **7.1 Restricted Expenses**

For so long as a Sub-Fund is authorised by the SFC, the following expenses will not be paid out of the assets of the Sub-Fund:

- (a) commissions payable to sales agents arising out of any dealing in shares in the Sub-Fund;
- (b) expenses arising out of any advertising or promotional activities in connection with the Sub-Fund;
- (c) other expenses which are not ordinarily paid from the property of funds authorised in Hong Kong; and
- (d) expenses which have not been disclosed in the Hong Kong Offering Documents.

Further, the Management Company, the Investment Manager or any person acting on behalf of the Company, the Investment Manager or the Management Company may not obtain a rebate on any fees or charges levied by an underlying fund or its management company, or any quantifiable monetary benefits in connection with investments in any underlying fund.

Where there are any inconsistencies between any section of the Prospectus, Articles of Incorporation and this sub-section, this sub-section shall prevail.

## **8. CONFLICTS OF INTEREST**

### **8.1 Transactions with Connected Person(s)**

For so long as a Sub-Fund is authorised by the SFC:

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\* The website has not been reviewed by the SFC and may contain information on funds not authorized by the SFC.

\* The website has not been reviewed by the SFC and may contain information on funds not authorized by the SFC.

- (a) cash forming part of the Sub-Fund's assets may be placed as deposits with the Depositary, Management Company, Investment Manager or any of their connected persons (being an institution licensed to accept deposits), which shall be maintained in a manner that is in the best interests of shareholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business;
- (b) any transactions between the Sub-Fund and the Management Company or the Investment Manager or any of their connected persons as principal may only be made with the prior written consent of the Depositary;
- (c) all transactions carried out by or on behalf of the Sub-Fund must be at arm's length and executed on the best available terms; and
- (d) any transactions carried out between the Sub-Fund and the Management Company, the Investment Manager or any of their connected persons must be in the best interest of shareholders.

## **8.2 Cash Commissions and Soft Commissions**

Neither the Management Company, the Investment Manager nor any of their investment delegates and connected persons may retain, and has retained, cash or other rebates from a broker or dealer in consideration of directing transactions in the Company's property to the broker or dealer.

Section 15 of the Prospectus headed "The Investment Manager" sets out the Investment Manager's soft commission arrangement with brokers. In general, additional to the conditions set out therein, soft commissions may be retained if:

- (a) they are of demonstrable benefit to the shareholders;
- (b) execution is consistent with best execution standards;
- (c) brokerage rates are not in excess of customary institutional full-service brokerage rates; and
- (d) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange the transactions with such broker or dealer.

Periodic disclosure is made in the Company's annual report in the form of a statement describing the soft dollar policies and practices of the Management Company or Investment Manager, including a description of the goods and services received by them.

## **9. TAXATION**

General information on Luxembourg tax laws and considerations are set out in section 21 in the Prospectus headed "Taxation". The following statements on taxation below are intended to be a general summary of certain Hong Kong tax considerations for Hong Kong investors in connection with their investment in the Company and are included here solely for information purposes. They are based on the laws and practices in force as at the date of this Supplement. There is no assurance that the tax status of the Company or shareholders will not be changed as a result of amendments to, or changes in the interpretation of, relevant tax legislation and

regulations. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Prospective investors should therefore consult their own professional advisers as to the effects of state, local or foreign laws, to which they may be subject.

## **9.1 Hong Kong Tax**

Under the existing Hong Kong law and practice, for so long as the Company and such Sub-Funds are authorized by the SFC pursuant to Section 104 of the SFO and are carried on in accordance with the requirements of the SFC, the Company and Sub-Funds are exempt from Hong Kong profits tax or other withholding taxes on dividends received, on interest from any source and on profits realized on the sale of securities. In addition, shareholders resident in Hong Kong generally will not be subject to tax in Hong Kong in respect of their acquisition, holding, redemption or disposal of shares or on the income from such shares. Where transactions in the shares form part of a trade, profession or business carried on in Hong Kong, Hong Kong profits tax may be payable on the gains received. No Hong Kong stamp duty or estate duty will be payable by shareholders in respect of their shares.

## **9.2 OECD Common Reporting Standard / Automatic Exchange of Financial Account Information**

In respect of Hong Kong, the Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FIs") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement; however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Company and/or continuing to invest in the Company through FIs in Hong Kong, shareholders acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such shareholder that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

## **9.3 Additional Disclosures on Foreign Account Tax Compliance Act ("FATCA")**

The Company will be subject to U.S. federal withholding taxes (at a 30% rate) on payments of certain amounts made to the Company ("Withholdable Payments"), unless the Company complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable Payments generally include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources. Income which is effectively connected with the conduct of a U.S. trade or business is not, however, included in this definition. To avoid the withholding tax, unless deemed compliant, the Company will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each U.S. taxpayer (or foreign entity with substantial U.S. ownership) which invests in

the Company, and to withhold tax (at a 30% rate) on Withholdable Payments and (to the extent provided in future regulations, but in no event before two years following the date of the final regulation) certain “foreign passthru payments” made to any investor which fails to furnish information requested by the Company to satisfy its obligations under the agreement. Pursuant to an intergovernmental agreement between the United States and Luxembourg, the Company may be deemed compliant, and therefore not subject to the withholding tax and generally not required to withhold on investors, if it identifies and reports U.S. ownership information directly to the government of Luxembourg.

The Company will not be required to report information relating to certain categories of U.S. investors as detailed in FATCA and its related regulations, generally including, but not limited to, U.S. tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, which for FATCA purposes are exempt from such reporting. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future Company operations.

The Company has registered with the U.S. Internal Revenue Service as a “reporting financial institution” and fully intends to meet the obligations imposed on it under FATCA as a “reporting financial institution” pursuant to the intergovernmental agreement between the United States and Luxembourg. In the unlikely event that the Company is unable to satisfy these obligations, the imposition of any withholding tax may result in material losses to the Company (or a Sub-Fund) which has a significant exposure to U.S.-source income. Such tax may have an adverse effect on the Company and its Sub-Funds.

Where the Management Company deducts applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the Luxembourg ISA, it shall do so in good faith and on reasonable grounds.

Investors should be reminded to check if their intermediaries will comply with FATCA. Investors may refer to the Prospectus for more information on the possible tax implications. Investors should inform themselves of, and where appropriate consult their professional advisors and tax advisers on, the possible implication of FATCA and tax consequences on the Company and the Sub-Funds and investing in the Shares.

## **10. UNCLAIMED PROCEEDS UPON LIQUIDATION**

The Company's arrangements upon termination of the Company and its Sub-Funds are set out in section 22 of the Prospectus.

Any liquidation proceeds remaining unclaimed after the closure of the liquidation of a Sub-Fund or the Company will be deposited in escrow with the *Caisse de Consignation* as soon as practicable. Amounts not claimed from escrow within the period fixed by law (currently, 30 years as of the date of this Supplement) may be liable to be forfeited in accordance with the provisions of Luxembourg law.

## **11. FINANCIAL REPORTS**

The annual report and audited accounts of the Company will be made available at the office of the Hong Kong Representative and the registered office of the Company as soon as possible,

and in any event within four months, after the end of the financial year (i.e. 31 December). The semi-annual reports will also be available at the latest two months after the end of the period to which they relate. Shareholders shall be notified of where such reports, in printed and electronic forms, can be obtained within the timeframe above.

Hong Kong investors should note that both the Company's (i) semi-annual reports as well as (ii) the annual reports (together with the audited accounts of the Company) will be available in the English language only.

## **12. DATA PROTECTION**

To the extent the Personal Data is collected by the Hong Kong Representative, the Personal Data will be processed by the Hong Kong Representative in compliance with the Personal Data (Privacy) Ordinance, Laws of Hong Kong Chapter 486.

Investors have the right to request access to, correction and deletion of any Personal Data or to request the restriction of processing Personal Data, such as to not to be used for direct marketing purposes. Such requests may be directed at the Hong Kong Representative.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

The documents detailed in section 23 of the Prospectus headed "Documents available for inspection, queries and complaints" are available for inspection free of charge during usual business hours on any Business Day in Hong Kong at the office of the Hong Kong Representative. Copies of these documents may also be obtained from the Hong Kong Representative at a reasonable charge. The Articles of Incorporation shall be provided in their English version.

The Key Investor Information Documents (more commonly known as "KIID") in relation to each Sub-Fund are not intended to be distributed to Hong Kong investors and do not form part of the Hong Kong Offering Documents.

**VISA 2024/177170-12716-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2024-08-08

Commission de Surveillance du Secteur Financier

A handwritten signature in black ink, appearing to be 'h3h' or similar, is written over a faint, circular official stamp of the Commission de Surveillance du Secteur Financier.

## **PING AN OF CHINA ASSET MANAGEMENT FUND**

*société d'investissement à capital variable*

### **PROSPECTUS**

**13 August 2024**

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## IMPORTANT INFORMATION

### Prospectus – Articles of Incorporation – Application Form

This Prospectus relates to Ping An of China Asset Management Fund, a Luxembourg *société d'investissement à capital variable* (investment company with variable capital) established in the form of a *société anonyme* (public limited liability company) under part I of the 2010 Law (the “Company”). Unless otherwise defined, capitalised terms used throughout this Prospectus shall have the meanings ascribed to such terms in the Glossary.

This Prospectus supersedes and replaces any other information provided by the Company, its initiators, representatives or agents in respect of the Company. The Prospectus is provided for information only and is not intended to be taken as the basis for any investment decision or any offer to subscribe for shares in the Company. By accepting this Prospectus and any other information supplied to investors by the Company or its initiators the recipient agrees that such information is confidential. The information contained in the Prospectus and any other documents relating to the Company may not be provided to persons (other than professional advisers or service providers) who are not directly concerned with any decision on the investment offered hereby. Neither the recipient nor any of its directors, employees or agents will use the information for any purpose other than for evaluating the possibility of an investment in the Company or divulge such information to any other party. The recipient and any of its directors, employees or agents acknowledge that this Prospectus may not be photocopied, reproduced or distributed to others without the prior written consent of the Company or its initiators.

The text of the Articles of Incorporation is integral to the understanding of this Prospectus. Investors should review the Articles of Incorporation carefully. In the event of any inconsistency between this Prospectus and the Articles of Incorporation, the Articles of Incorporation shall prevail, unless otherwise provided in the Articles of Incorporation.

Prior to subscribing for Shares, investors should obtain a copy of the Application Form which contains inter alia representations on which the Company may accept an investor's subscription. The Articles of Incorporation, as well as agreements, and related documentation are described in summary form herein; these descriptions do not purport to be complete and each such summary description is subject to, and qualified in its entirety by reference to, the actual text of the Articles of Incorporation, agreements and related documentation, including any amendment thereto.

Prior to investing in the Company, investors should conduct their own investigation and analysis of an investment in the Company and consult with their legal advisers and their investment, accounting, regulatory and tax advisers to determine the consequences of an investment in the Company and arrive at an independent evaluation of such investment, including the applicability of any legal sales or investment restrictions without reliance on the Company, the service providers, or any of their respective officers, members, employees, representatives or agents. Neither the Company, the service providers, nor any of their respective officers, members, employees, representatives or agents accept any responsibility or liability whatsoever for the appropriateness of any investors investing in the Company. Investors are urged to request any additional information they may consider necessary or desirable in making an informed investment decision.

Certain statements contained in this Prospectus are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about markets, in which the Company will operate, and the beliefs and assumptions of the Company. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the factors that could cause actual results to differ materially are the general economic climate, inflationary trends, interest rate levels, the availability of financing, changes in tax and corporate regulations and other risks associated with the ownership and acquisition of Investments and changes in the legal or regulatory environment or that operation costs may be greater than anticipated.

The board of Directors of the Company (the “Board”) accepts full responsibility for the accuracy of the information contained in this Prospectus and has taken all reasonable care to ensure that the information contained in this Prospectus is accurate as of the date of this Prospectus (or such other date as stated herein). The Board confirms, having made reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. Other than as required under the 2010 Law or in this Prospectus, the Board has no specific obligation to update this Prospectus.

Any translation of this Prospectus or of any other transaction document into any other language will only be for convenience of the relevant investors having requested such translation. In the case of any discrepancy due to translation, the English version of the Prospectus and of any other transaction document will prevail.

No person has been authorised to give any information or to make any representation concerning the Company or the offer of the shares other than the information contained in this Prospectus and any other documents relating to the Company, and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or any service provider.

### **Listing on a Stock Exchange**

The Directors may decide to list some Classes of shares of the Sub-Funds on one or more stock exchanges. Further information on the stock exchange listings are available at the registered office of the Company.

### **Selling and transfer restrictions**

#### *United States*

The shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the “1933 Act”) or the securities laws of any of the States of the United States. The shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “US Person” as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws.

The shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for shares will be required to certify whether it is a US Person.

The Company will not be registered under the United States Investment Company Act of 1940 (the “1940 Act”). Based on interpretations of the 1940 Act by the United States Securities and Exchange Commission, if the Company has more than 100 beneficial owners of its shares who are US Persons, it may become subject to certain requirements under the 1940 Act. To ensure that the number of holders of shares who are US Persons does not exceed this limit, the Directors may require the compulsory redemption of shares beneficially owned by US Persons.

### *Hong Kong*

**Warning – The contents of this Prospectus have not been reviewed nor endorsed by any regulatory authority in Hong Kong. Hong Kong residents are advised to exercise caution in relation to the offer. If there is any doubt about any of the contents of this Prospectus, investors should obtain independent professional advice.**

The Company is not authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). This Prospectus has not been approved by the SFC in Hong Kong, nor has a copy of it been registered with the Registrar of Companies in Hong Kong. Accordingly:

(a) shares may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to “professional investors” within the meaning of Part I of Schedule 1 to the SFO and any rules made under the SFO, or in other circumstances which do not result in the document being a “prospectus” as defined in the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (“CWUMPO”) or which do not constitute an offer or invitation to the public for the purposes of the CWUMPO or the SFO; and

(b) no person shall issue or possess for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so in (a) above or under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”.

No shares in the Company will be issued to any person other than the person to whom this Prospectus has been addressed and no person other than such addressee may treat the same as constituting an invitation for him to invest.

### **General**

The distribution of this Prospectus and the offering of the shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective applicants for shares should inform themselves as to legal requirements so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Key Investor Information Documents of each Class of each Sub-Fund, the latest annual and semi-annual reports of the Company, are available at the registered office of the Company

and will be sent to investors upon request. Such reports shall be deemed to form part of this Prospectus.

Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the relevant Key Investor Information Document(s). The Key Investor Information Documents provide information in particular on historical performance, the synthetic risk and reward indicator and charges. Investors may obtain the Key Investor Information Documents in paper form or on any other durable medium agreed between the Company or the intermediary and the investor.

The Directors draw the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Company, notably the right to participate in general meetings of shareholders if the investor is registered himself and in its own name in the Company's register of shareholders maintained by the Registrar and Transfer Agent. In cases where an investor invests in the Company through an intermediary investing into the Company in its own name but on behalf of the investor it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors should seek advice from their salesman or intermediary on their rights in the Company.

## **DIRECTORY**

### **Registered Office of the Company**

4 rue Petermelchen,  
L-2370 Howald,  
Grand Duchy of Luxembourg

### **Board of Directors of the Company**

Ran LI  
Executive Director of Operation & IT Department - China Ping An Insurance Overseas  
(Holdings) Limited  
Manager in Charge of Operational Control and Review and IT - Ping An of China Asset  
Management (Hong Kong) Company Limited

John Alldis  
Carne Global Financial Services Luxembourg

Tsui Siu Kay Gordon  
Head of Fixed Income Investment - China Ping An Insurance Overseas (Holdings) Limited

### **Management Company**

Carne Global Fund Managers (Luxembourg) S.A.  
3, rue Jean Piret,  
L-2350 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors of the Management Company**

John Alldis (Chairman)  
Glen Thorpe  
Veronica Buffoni  
Jackie O'Connor (Independent Director)  
Anouk Agnes (Independent Director)

### **Conducting Officers of the Management Company**

Christophe Douche  
Risk Management  
Carne Global Fund Managers (Luxembourg) S.A.

Gregory Kayl  
UCIs, Administration  
Carne Global Fund Managers (Luxembourg) S.A.

Cord Rodewald  
Compliance and Compliance AML/CFT  
Carne Global Fund Managers (Luxembourg) S.A.

N.J. Whelan

Finance

Carne Global Fund Managers (Luxembourg) S.A.

Ankit Jain

IT & Branch Oversight

Carne Global Fund Managers (Luxembourg) S.A.

Shpresa Miftari

Valuation

Carne Global Fund Managers (Luxembourg) S.A.

Quentin Didier Gabriel

Portfolio Management

Carne Global Fund Managers (Luxembourg) S.A.

Anne-Pascale Feis

Distribution

Carne Global Fund Managers (Luxembourg) S.A.

**Depository, Administration Agent, Registrar and Transfer Agent and Paying Agent in Luxembourg**

HSBC Continental Europe, Luxembourg

18 boulevard de Kockelscheuer

L-1821 Luxembourg

Grand Duchy of Luxembourg

**Corporate and Domiciliary Agent**

ONE corporate  
4 rue Peternelchen,  
L-2370 Howald,  
Grand Duchy of Luxembourg

**Investment Manager**

Ping An of China Asset Management (Hong Kong) Company Limited  
Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Principal Distributor**

Ping An of China Asset Management (Hong Kong) Company Limited  
Suite 2301, 23<sup>rd</sup> Floor, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Auditors**

PricewaterhouseCoopers  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisers as to matters of Luxembourg law**

Dechert (Luxembourg) LLP  
29, Avenue de la Porte-Neuve  
B.P. 709  
L-2017 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisers as to matters of Hong Kong law**

Dechert  
31/F Jardine House  
One Connaught Place  
Central, Hong Kong

## **GLOSSARY**

<b>1915 Law</b>	Luxembourg law of 10 August 1915 relating to commercial companies, as amended.
<b>2010 Law</b>	Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.
<b>Administration Agent</b>	HSBC Continental Europe, Luxembourg, acting in its capacity as administration agent of the Company.
<b>Application Form</b>	The application form for the subscription of shares in a Sub-Fund available at the registered office of the Company and from distributors (if any).
<b>Articles of Incorporation</b>	The articles of incorporation of the Company, as may be amended from time to time.
<b>Auditors</b>	PricewaterhouseCoopers, Luxembourg.
<b>Base Currency</b>	The base currency of a Sub-Fund, as disclosed in the relevant Sub-Fund Appendix.
<b>Benchmark Regulation</b>	The regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directive 2004/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.
<b>Business Day</b>	Any day on which the banks are fully open for normal business banking in Luxembourg and Hong Kong.
<b>Class(es)</b>	Pursuant to the Articles of Incorporation, the Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter referred to as a “Class”) whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund Appendix.
<b>Company</b>	Ping An of China Asset Management Fund.
<b>CSSF</b>	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
<b>Data Protection Legislation</b>	The GDPR and any other applicable national laws and regulations.



<b>Depository</b>	HSBC Continental Europe, Luxembourg, acting in its capacity as depository bank of the Company.
<b>Depository Services Agreement</b>	Shall mean the agreement between the Company, the Management Company and the Depository.
<b>Directors</b>	The members of the board of directors of the Company.
<b>EEA</b>	European Economic Area.
<b>Eligible State</b>	Any state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<b>ESMA</b>	The European Securities and Markets Authority.
<b>EU</b>	European Union.
<b>EUR</b>	The legal currency of the European Union (the “Euro”).
<b>Fund Administration Agreement</b>	Shall mean the agreement between the Company, the Management Company and the Administration Agent/Registrar and Transfer Agent.
<b>GDPR</b>	The Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.
<b>Grand-Ducal Regulation of 2008</b>	The Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments.
<b>Greater China</b>	Mainland China, Hong Kong, Macau and Taiwan.
<b>Group of Twenty (G20)</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
<b>IGA</b>	Intergovernmental Agreement between Luxembourg and the United States of America implementing the Foreign Account Tax Compliance Act.
<b>Institutional Investor(s)</b>	Institutional investor(s) within the meaning of Article 174 of the 2010 Law.

<b>Investment Manager</b>	Ping An of China Asset Management (Hong Kong) Company Limited.
<b>Key Investor Information Documents</b>	Shall mean the key investor information documents to be furnished to investors such as described by Article 159 of the 2010 Law.
<b>Luxembourg</b>	The Grand Duchy of Luxembourg.
<b>Management Company</b>	Carne Global Fund Managers (Luxembourg) S.A. in its capacity as the UCITS management company of the Company under the 2010 Law.
<b>Member State(s)</b>	Shall mean a member state of the EU. The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the EU, within the limits set forth by this agreement and related acts, are considered as equivalent to member states of the EU.
<b>Money Market Instruments</b>	Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
<b>Net Asset Value per share</b>	The net asset value of any Class within any Sub-Fund determined in accordance with the relevant provisions detailed in section 10 "Net Asset Value and Dealing Prices".
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Other UCI or UCI</b>	An Undertaking for collective investment within the meaning of Article 1 paragraph (2), point (a) and point (b) of the UCITS Directive.
<b>Principal Distributor</b>	Ping An of China Asset Management (Hong Kong) Company Limited.
<b>Prospectus</b>	Shall mean the prospectus of the Company.
<b>Registrar and Transfer Agent</b>	HSBC Continental Europe, Luxembourg, acting as registrar and transfer agent of the Company.
<b>Reference Currency</b>	The Reference Currency of a Class as disclosed in the relevant Sub-Fund Appendix.
<b>Regulated Market</b>	A regulated market as defined in the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly,

is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.

<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations.</i>
<b>Sub-Fund</b>	A specific portfolio of assets and liabilities within the Company having, among others, its own investment objective, investment restrictions and Net Asset Value per share. It is represented by one or more Classes.
<b>Sub-Fund Appendix</b>	Part of the Prospectus containing information relating to each Sub-Fund.
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended.
<b>SFDR Delegated Act</b>	Commission Delegated Regulation 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088.
<b>Sustainability Risk(s)</b>	any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment in accordance with article 2 (22) of SFDR.
<b>Sustainability Factors</b>	environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters in accordance with article 2 (24) of SFDR.
<b>Taxonomy Regulation</b>	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments.
<b>US Person</b>	A citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income

for the purpose of computing United States income tax payable by it.

**USD**

The legal currency of the United States of America.

**Valuation Day**

Any Business Day on which the net asset value is calculated as detailed for each Sub-Fund in the relevant Sub-Fund Appendix.

## **GENERAL PART**

### **1. STRUCTURE OF THE COMPANY**

The Company is a Luxembourg open-ended umbrella investment company with variable capital, incorporated for an unlimited period on 31 July 2018 as a public limited liability company (*société anonyme*) under the 1915 Law.

Through an extraordinary general meeting of the shareholders of the Company held on 20 August 2020, the Company was converted to an undertaking for collective investment in transferable securities (UCITS) subject to, and authorised under, Part I of the 2010 Law.

The Company is registered with the RCSL under number B226818 and the Articles of Incorporation were published for the first time in RESA on 14 August 2018 under reference RESA\_2018\_181\_455.

The Company is authorized by the CSSF as a UCITS under the 2010 Law.

The capital of the Company is at all times equal to the value of its net assets. The minimum capital of the Company shall be the minimum prescribed by the 2010 Law, which at the date of this Prospectus is the equivalent of EUR 1,250,000. This minimum must be reached within a period of six (6) months following the authorization of the Company as a UCITS under the 2010 Law.

As an umbrella structure, the Company may operate separate Sub-Funds, each being distinguished among others by their specific investment policy or any other specific feature as further detailed in the relevant Sub-Fund Appendix. Within each Sub-Fund, different Classes with characteristics detailed in the relevant Sub-Fund Appendix may be issued.

The Company constitutes a single legal entity, but the assets of each Sub-Fund are segregated from those of the other Sub-Fund(s) in accordance with the provisions of Article 181 of the 2010 Law. This means that the assets of each Sub-Fund shall be invested for the shareholders of the corresponding Sub-Fund and that the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Directors may at any time resolve to set up new Sub-Fund(s) and/or create within each Sub-Fund one or more Classes. The Directors may also at any time resolve to close a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The reference currency of the Company is USD and all the financial statements of the Company will be prepared in accordance with Luxembourg generally accepted accounting principles (“Luxembourg GAAP”) and presented in USD.

### **2. INVESTMENT OBJECTIVES AND POLICIES OF THE COMPANY AND THE SUB-FUNDS**

The exclusive objective of the Company is to place the funds available to it in transferable securities and other assets of any kind, to the extent permitted by “Appendix 1. General Investment Restrictions”, with the purpose of spreading investment risks and affording its shareholders the benefit of the results of the management of its portfolios. Each of the Sub-Funds may employ financial derivative instruments to hedge market and currency risk and for the purposes of efficient portfolio management.

In pursuing the investment objectives of the Sub-Funds, the Directors at all times seek to maintain an appropriate level of liquidity in the assets of the relevant Sub-Fund so that redemptions of shares under normal circumstances may be made without undue delay upon request by the shareholders.

Whilst using their best endeavours to attain the investment objectives, the Directors cannot guarantee the extent to which these objectives will be achieved. The value of the shares and the income from them can fall as well as rise and investors may not realise the value of their initial investment. Changes in the rates of exchange between currencies may also cause the value of the shares to diminish or to increase.

### **3. RISK MANAGEMENT PROCESS**

The Management Company, on behalf of the Company will employ a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund.

The risk management process of the Management Company shall further comprise such procedures as are necessary to enable the Management Company to assess for each Sub-Fund of the Company the exposure of the relevant Sub-Fund to market, liquidity, Sustainability Risks and counterparty risks, and the exposure of the relevant Sub-Fund to all other relevant risks, including operational risks, which may be material for the relevant Sub-Fund.

The Management Company, on behalf of the Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instrument and shall ensure for each Sub-Fund that its global risk exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

The global risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

In the framework of the risk management process, either the commitments approach, or relative or absolute "value-at-risk" approach (hereinafter "VaR") may be used to manage and measure the global risk exposure of each Sub-Fund. The choice of the approach used is based on the investment strategy of each Sub-Fund and on the type and on the complexity of the financial derivative instruments in which the relevant Sub-Fund may invest, and also the proportion of financial derivative instruments held by the Sub-Fund.

The commitments approach measures the overall risk exposure linked to investment in financial derivative instruments and other investment techniques (taking into account the netting and hedging effects), which shall not exceed the net asset value. Pursuant to this approach, each financial derivative instrument is in principle converted to the market value of an equivalent investment in the underlying asset to this financial derivative instrument.

The VaR measures the maximum expected loss taking into account a given confidence level and a given period.

The VaR calculation is processed on the basis of a unilateral confidence interval of 99% and a twenty days' time horizon.

When using relative VaR, the calculated overall global risk exposure related to the whole portfolio investments of the relevant Sub-Fund does not exceed twice the VaR of the reference portfolio.

When using absolute VaR, the VaR of the relevant Sub-Fund is limited to a maximum of 20% of its net asset value.

The commitment approach is used to monitor and measure the global exposure of the Sub-Funds, unless otherwise provided in the relevant Sub-Fund Particulars.

The expected level of leverage for each Sub-Fund using VaR is indicated for each Sub-Fund in the relevant Sub-Fund Appendix. In certain circumstances, this level of leverage may however be exceeded. The method used for determining the expected level of leverage of these Sub-Funds is based on the sum of the absolute notionals.

### Liquidity Risk Management

The Management Company's liquidity risk management policy is contained in its risk management process, and enables it to identify, monitor and manage the liquidity risks of the Sub-Funds and to ensure that the liquidity profile of the investments of the Sub-Funds will facilitate compliance with the relevant Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools available, also seeks to achieve fair treatment of shareholders.

The liquidity risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy and the dealing frequency of the Sub-Funds.

The liquidity risk management policy involves monitoring the profile of investments held by the Sub-Funds on an on-going basis to ensure that such investments are appropriate to the redemption policy set out in paragraph 7 of the Prospectus and will facilitate compliance with the relevant Sub-Fund's obligation to meet redemption requests. Further, the liquidity risk management policy includes details on periodic stress testing carried out by the Management Company to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

The following tool(s) may be employed by the Management Company to manage liquidity risks:

- The Company may limit the redemption of Shares on any Valuation Day to 10% of the net asset value of a Sub-Fund. For further details, please see paragraph 7 of the Prospectus.
- The Company may charge a dilution levy or adopt a swing pricing mechanism. For further details please see paragraph 10.1 of the Prospectus.
- The Company may suspend the calculation of the net asset value of a Sub-Fund as well as the issue, redemption and conversion of Shares in certain circumstances. For further details please see paragraph 10.2 of the Prospectus.

#### **4. RISK CONSIDERATIONS**

Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should read the Prospectus in its entirety, read the Articles of Incorporation, as well as the relevant Key Investor Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.

There can be no assurance that the Sub-Fund(s) of the Company will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.

##### ***Market risk***

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. In particular, the value of investments in securities may be affected by uncertainties such as international, political and economic and general financial market developments or changes in government policies, especially in countries where the investments are based.

##### ***Foreign exchange risk***

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Base Currency or to the Reference Currency of the relevant Class, the Sub-Fund / relevant Class may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency (or Reference Currency of the relevant Class) and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's / Class's shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the Base Currency (or the Reference Currency of the relevant Class) the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

A Sub-Fund / Class may engage in foreign currency transactions in order to hedge against currency exchange risk however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Sub-Fund / Class from benefiting from the performance of a Sub-Fund's / Class's securities if the currency in which the securities held by the Sub-Fund / Class are denominated rises against the Base Currency (or Reference Currency of the relevant Class). In case of a hedged Class (denominated in a currency different from the Base Currency), this risk applies systematically.

##### ***Liquidity risk***

A Sub-Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. Investors should also note that if sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may



suffer losses in trading such investments. As a result, this may have an adverse impact on the relevant Sub-Fund and its investors.

The Management Company operates a risk management process effective on a daily basis in identifying, measuring, monitoring and controlling the liquidity risk for all assets classes including, but not limited to financial derivative instruments.

### ***Interest rate risk***

A Sub-Fund that has exposure to bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

### ***Credit risk***

A Sub-Fund which has exposure to bonds and other fixed income securities is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-Fund(s) investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

### ***Downgrading Risk***

Investment grade bonds may be subject to the risk of being downgraded to non-investment grade bonds. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Sub-Fund's investment value in such security may be adversely affected.

The Investment Manager may or may not dispose of the securities, subject to the investment objective of the Sub-Fund. If downgrading occurs, the non-investment grade debt risk outlined in the paragraph below will apply.

### ***Debt Securities Risk***

Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities. Debt securities with longer maturities are generally more sensitive to interest rate changes than those with shorter maturities. Changes in market interest rates do not affect the rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can reduce its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, thereby affecting their value and the return on an investment in a Sub-Fund.

### ***High Yield Bonds***

Investment in debt securities is subject to interest rate, sector, security and credit risks. Compared to investment grade bonds, high yield bonds are debt securities that at the time of acquisition have a rating of BB+ and/or below (by Standard & Poor's or an equivalent agency)

provided that if the ratings of the security from different rating agencies are different, the lowest rating will apply. Notwithstanding the above, high yield bonds include (i) unrated debt securities (i.e. no rating is available from either Standard & Poor's, Fitch or Moody's) that are determined by the Investment Manager to be of comparable quality; and (ii) debt securities that the Investment Manager otherwise determines to be of comparable quality notwithstanding a credit rating of above BB+ (by Standard & Poor's or an equivalent agency). Non-investment grade securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

### ***Contingent Convertible Securities***

Certain Sub-Funds may invest in contingent convertible securities. A contingent convertible security is subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the contingent convertible security may be converted to equity, potentially at a discounted price. Like many preferred securities, contingent convertible securities are issued for investment by institutional investors such as the Company. The Sub-Funds may invest in contingent convertible securities that are investment grade, and may invest in contingent convertible securities offered worldwide by banks and, increasingly, insurance companies.

Coupon payments on contingent convertible securities are discretionary and may be deferred but also cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of contingent convertible securities may suffer a loss of capital when comparable equity holders do not. In addition the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies. There is no guarantee that the amount invested in a contingent convertible security will be repaid at a certain date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.

In normal market conditions contingent convertible securities comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Furthermore in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the relevant Sub-Fund may be concentrated in a specific industry sector and the net asset value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of sectors.

### ***Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS)***

Certain Sub-Funds may have exposure to a wide range of asset-backed securities (including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralised mortgage obligations and collateralised debt obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other debt securities such as government issued bonds.

ABS and MBS are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets such as residential or commercial mortgages, motor vehicle loans or credit cards.

ABS and MBS are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

### ***Regulatory Reforms***

The Prospectus has been drafted in line with currently applicable laws and regulations. It cannot be excluded that the Company and/or the Sub-Funds and their respective investment objective and policy may be affected by any future changes in the legal and regulatory environment. New or modified laws, rules and regulations may not allow, or may significantly limit the ability of, the Sub-Fund to invest in certain instruments or to engage in certain transactions. They may also prevent the Sub-Fund from entering into transactions or service contracts with certain entities. This may impair the ability of all or some of the Sub-Funds to carry out their respective investment objectives and policies. Compliance with such new or modified laws, rules and regulations may also increase all or some of the Sub-Funds' expenses and may require the restructuring of all or some of the Sub-Funds with a view to complying with the new rules. Such restructuring (if possible) may entail restructuring costs. When a restructuring is not feasible, a termination of affected Sub-Funds may be required.

### ***Operations***

The Company's operations (including investment management and distribution) are carried out by several service providers. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscription, switching and redemption of shares) or other disruptions.

### ***Volatility of financial derivative instruments***

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

### ***Futures and options***

Under certain conditions, the Company may use options and futures on securities, indices and interest rates for different purposes (i.e. hedging and efficient portfolio management). Also, where appropriate, the Company may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to

certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is “covered” by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### ***OTC financial derivative transactions***

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a Sub-Fund entering into OTC financial derivative transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Company or the relevant Investment Manager with the possibility to offset the Company’s obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

### ***Counterparty risk***

The Company on behalf of a Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

For example, the Company on behalf of the Sub-Funds may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Funds to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce

its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by the Company on behalf of a Sub-Fund involve credit risk that could result in a loss of the Sub-Fund's entire investment as the Sub-Fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

### ***Effect of substantial withdrawals***

Substantial withdrawals by shareholders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the assets of the Company. The resulting reduction in the assets of the Company could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

### ***Political risks***

The value of the Company's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest.

### ***General economic conditions***

The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility or illiquidity in the markets in which the Company directly or indirectly holds positions could impair the ability of the Company to carry out its business and could cause it to incur losses. In addition, the rate of inflation will affect the actual rate of return on the shares.

### ***Small Cap Risk***

Securities of small cap companies tend to be traded less frequently and in smaller volumes than those of large cap companies. As a result, the prices of shares of small cap companies tend to be less stable than those of large cap companies. Their value may rise and fall more sharply than other securities, and they may be more difficult to buy and sell.

### ***Specialization Risk***

Some Sub-Funds may specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach. Specialization allows a Sub-Fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favour. However, if the particular sector, country or investment style is out of favour, the value of the Sub-Fund may underperform relative to less specialized investments. Sub-Funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

### ***Large Shareholder Risk***

Shares may be purchased or redeemed by investors holding a large portion of the issued and outstanding shares of a Sub-Fund (“large shareholders”). If a large shareholder redeems all or a portion of its investment in the Sub-Fund, the Sub-Fund may have to incur transaction costs in the process of making the redemption. Conversely, if a large shareholder makes a significant purchase in the Sub-Fund, the Sub-Fund may have to hold a relatively large position in cash for a period of time while the Investment Manager finds suitable investments. This may negatively impact the performance of the Sub-Fund.

### ***Data Protection Legislation***

The Company’s processing of personal data imposes regulatory risks and legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop. The Company may become subject to new legislation or regulation concerning the personal data they may process (as defined in the GDPR), including the requirements of the GDPR. The GDPR had direct effect from 25 May 2018, and introduced a range of new compliance obligations regarding the processing of personal data and new obligations on data controllers and data processors and rights for data subjects, including, among others:

- accountability and transparency requirements, which will require data controllers to demonstrate and record compliance with the GDPR and to provide more detailed information to data subjects regarding processing;
- enhanced data consent requirements, which includes “explicit” consent in relation to the processing of sensitive data;
- obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, stored and its accessibility;
- constraints on using data to profile data subjects;
- providing data subjects with personal data in a useable format on request and erasing personal data in certain circumstances; and
- reporting of breaches without undue delay (72 hours where feasible).

The GDPR also introduced new fines and penalties for a breach of requirements, including fines for serious breaches of up to the higher of 4% of annual worldwide turnover or €20m and fines of up to the higher of 2% of annual worldwide turnover or €10m (whichever is highest) for other specified infringements. The GDPR identified a list of points to consider when imposing fines (including the nature, gravity and duration of the infringement).

The implementation of the GDPR required substantial amendments to the Company’s policies and procedures. Whilst the Company intends to comply with any obligations arising out of the GDPR, if it is implemented, interpreted or applied in a manner inconsistent with such policies and procedures, it may be fined or ordered to change its business practices in a manner that adversely impacts its operating results. The Company may also need to comply with data protection laws and regulations of other jurisdictions. Compliance with these laws and regulations may divert the Company’s time and effort and entail substantial expense. Any failure to comply with these laws and regulations by the Company could result in negative

publicity and may subject the Company to significant costs or penalties associated with litigation or regulatory action.

### ***Risks Associated with investments via the Stock Connect***

#### Quota limitations

The Stock Connect is subject to quota limitations. In particular, once the Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the sub-fund's ability to invest in China A-Shares through Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

#### Operational risk

The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Due to their recent implementation and the uncertainty about their efficiency, accuracy and security, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The sub-fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected. Consequently, investors in the China A-Share market should be aware of the economic risk of an investment in those shares, which may lead to a partial or total loss of the invested capital.

#### Clearing and settlement risk

The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. Should ChinaClear be declared as a defaulter, HKSCC's liabilities in trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### Regulatory risk

The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong from time to time. The regulations are untested and there is no certainty as to how they will be applied.

### ***Risks Associated with investments via the Bond Connect***

The Bond Connect program is a new initiative launched in July 2017 established by China Foreign Exchange Trade System & National Interbank Funding Centre (CFETS), China Central Depository & Clearing Co., Ltd (CCDC), Shanghai Clearing House (SHCH), Hong Kong Exchanges and Clearing Limited (HKEx), the Central Moneymarkets Unit of the Hong Kong Monetary Authority (CMU) and their successors in title to facilitate investors from Mainland

China and Hong Kong to trade in each other's bond markets through connection between the Mainland China and Hong Kong financial institutions.

Under the prevailing PRC regulations, eligible foreign investors are allowed to invest in the bonds available on the China interbank bond market (CIBM) through the northbound trading of the Bond Connect ("Northbound Trading Link"). There is no investment quota for the Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China and its successors in title (PBOC) as registration agents to apply for registration with the PBOC.

The Northbound Trading Link refers to the trading platform that is located outside of Mainland China and is connected to CFETS for eligible foreign investors to submit their trade requests for bonds circulated in the CIBM through the Bond Connect. HKEx and CFETS will work together with offshore electronic bond trading platforms to provide electronic trading services and platforms to allow direct trading between eligible foreign investors and approved onshore dealers in Mainland China through CFETS.

Eligible foreign investors may submit trade requests for bonds circulated in the CIBM through the Northbound Trading Link provided by offshore electronic bond trading platforms, which will in turn transmit their requests for quotation to CFETS. CFETS will send the requests for quotation to a number of approved onshore dealers (including market makers and others engaged in the market making business) in Mainland China. The approved onshore dealers will respond to the requests for quotation via CFETS, and CFETS will send their responses to those eligible foreign investors through the same offshore electronic bond trading platforms. Once the eligible foreign investor accepts the quotation, the trade is concluded on CFETS.

On the other hand, the settlement and custody of bond securities traded in the CIBM under the Bond Connect will be done through the settlement and custody link between the CMU, as an offshore custody agent, and the CCDC and the SHCH, as onshore custodian and clearing institutions in Mainland China. Under the settlement link, CCDC or the SHCH will effect gross settlement of confirmed trades onshore and the CMU will process bond settlement instructions from the CMU members on behalf of eligible foreign investors in accordance with its relevant rules.

Pursuant to the prevailing regulations in Mainland China, the CMU, being the offshore custody agent recognised by the Hong Kong Monetary Authority and its successors in title (HKMA), opens omnibus nominee accounts with the onshore custody agent recognised by the PBOC (i.e., the CCDC and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which will hold such bonds as a nominee owner.

The Sub-Fund's investments in bonds through the Bond Connect will be subject to a number of additional risks and restrictions that may affect the Sub-Fund's investments and returns.

The Bond Connect is relatively new. Laws, rules, regulations, policies, notices, circulars or guidelines relating to the Bond Connect (the "Applicable Bond Connect Regulations") as published or applied by any of the Bond Connect Authorities (as defined below) are untested and are subject to change from time to time. There can be no assurance that the Bond Connect will not be restricted, suspended or abolished. If such event occurs, the Sub-Fund's ability to



invest in the CIBM through the Bond Connect will be adversely affected, and if the Sub-Fund is unable to adequately access the CIBM through other means, the Sub-Fund's ability to achieve its investment objective will be adversely affected. "Bond Connect Authorities" refers to the exchanges, trading systems, settlement systems, governmental, regulatory or tax bodies which provide services and/or regulate Bond Connect and activities relating to Bond Connect, including, without limitation, the PBOC, the HKMA, the HKEx, the CEFTS, the CMU, the CCDC and the SHCH and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of Bond Connect.

The Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund is therefore subject to liquidity risks. The debt securities traded in the CIBM may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value.

Under the prevailing Applicable Bond Connect Regulations, eligible foreign investors who wish to participate in the Bond Connect may do so through an offshore custody agent, registration agent or other third parties (as the case may be), who would be responsible for making the relevant filings and account opening with the relevant authorities. The Sub-Fund is therefore subject to the risk of default or errors on the part of such agents.

Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly (in particular, under extreme market conditions) or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through the Bond Connect may be disrupted. The Sub-Fund's ability to trade through the Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Sub-Fund invests in the CIBM through the Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement.

The CMU is the "nominee holder" of the bonds acquired by the Sub-Fund through the Bond Connect. Whilst the Applicable Bond Connect Regulations expressly provide that investors enjoy the rights and interests of the bonds acquired through the Bond Connect in accordance with applicable laws, how a beneficial owner (such as the Sub-Fund) of the relevant bonds exercises and enforces its rights over such securities in the courts in China is yet to be tested. Even if the concept of beneficial ownership is recognized under Chinese law, those securities may form part of the pool of assets of such nominee holder available for distribution to creditors of such nominee holder and/or a beneficial owner may have no rights whatsoever in respect thereof.

### ***Risks associated with trading via QFII***

Investments in domestic securities of the PRC denominated in Renminbi may be made through a Renminbi QFII ("QFII") license, under which an investment manager registered with the Chinese State Administration of Foreign Exchange ("SAFE") and subject to applicable

regulatory requirements. An entity holding a QFII license is not required to trade via Stock Connect, which is subject to daily quotas.

QFII status could be suspended, reduced or revoked, which may affect a Sub-Fund's ability to invest in eligible securities, require a Sub-Fund to dispose of such securities and could have an adverse effect on the Sub-Fund's performance.

The laws and regulations governing the establishment and operation of the QFII regime in the PRC (the "QFII Regulations") impose strict restrictions on investments (including rules on investment restrictions and repatriation of profits) that are applicable to the Investment Manager as well as to the investments made by the Sub-Fund. It is uncertain whether a court would protect the Sub-Fund's right to securities held for it by a licensed QFII if the QFII came under legal, financial or political pressure.

Where a Sub-Fund invests in China A-Shares or other securities in China through a QFII, such securities will be maintained by a custodian bank (the "QFII Custodian") appointed by the QFII in accordance with the QFII Regulations, and the relevant China A-Shares will be held through a securities account with ChinaClear. Such account may be in the name of the QFII and not in the name of a Sub-Fund, and the assets within such account may be held for and on behalf of clients of the QFII including but not limited to a Sub-Fund. A Sub-Fund may suffer substantial losses if any of the key operators or parties (including the QFII Custodian and broker) is bankrupt, in default and/or disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Even though the PRC regulators have affirmed their recognition of the concepts of nominee holders and beneficiary owners, these concepts are relatively new in the PRC legal system and remain untested under the QFII scheme. Hence, the assets of a Sub-Fund held within an account may be subject to a risk of being treated as part of the assets of the QFII and be vulnerable to claims by creditors of the QFII in the event of the insolvency of the QFII. In addition, the assets of the Sub-Fund may not be adequately segregated from the assets of other Sub-Funds, funds or clients investing through the QFII. Investors should also note that cash deposited in the cash account of the relevant Sub-Funds with the QFII Custodian will not be segregated but will be a debt owing from the QFII Custodian to the relevant Sub-Funds as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFII Custodian.

### ***Specific risks related to investments in mainland China***

Investing in the PRC carries a high degree of risk. Apart from the usual investment risks, investing in the PRC is also subject to certain other inherent risks and uncertainties.

#### **Government intervention and restriction risk**

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, state of development, growth rate, control of foreign exchange and allocation of resources. Such interventions or restrictions by the PRC government may affect the trading of Chinese domestic securities and have an adverse effect of the Sub-Fund.

The PRC government has in recent years implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC's economy and a high level of

management autonomy. However, there can be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC as well as on overseas companies which trade with or invest in the PRC.

Moreover, the PRC government may intervene in the economy, possible interventions include restrictions on investment in companies or industries deemed sensitive to relevant national interests. In addition, the PRC government may also intervene in the financial markets by, such as but not limited to, the imposition of trading restrictions or the suspension of short selling for certain stocks. Such interventions may induce a negative impact on the market sentiment which may in turn affect the performance of the Sub-Fund. Investment objective of the Sub-Fund may be failed to achieve as a result.

The PRC legal system may not have the level of consistency or predictability as in other countries with more developed legal systems. Due to such inconsistency and unpredictability, if the Sub-Fund were to be involved in any legal dispute in the PRC, it may experience difficulties in obtaining legal redress or in enforcing its legal rights. Thus, such inconsistency or future changes in legislation or the interpretation thereof may have adverse impact upon the investments and the performance of the Sub-Fund in the PRC.

#### PRC Political, Economic and Social Risks

The economy of the PRC has experienced significant growth in the past twenty years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government may from time to time adopt corrective measures to control inflation and restrain the rate of economic growth, which may also have an adverse impact on the capital growth and performance of the Sub-Fund. Further, political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including the expropriation of assets, confiscatory taxes or nationalization of some or all of the investments held by the underlying securities in which the Sub-Fund may invest.

#### Government control of cross-border currency conversion and future movements in exchange rates

Currently, the Chinese Renminbi (RMB) is traded in two different and separated markets, i.e. one in the Mainland China, and one outside the Mainland China (primarily in Hong Kong). The two RMB markets operate independently where the flow between them is highly restricted. Though the Chinese Yuan Renminbi Offshore (CNH) is a proxy's of the Chinese Yuan Renminbi Onshore (CNY), they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. While the RMB traded outside the Mainland China, the CNH, is subject to different regulatory requirements and is more freely tradable, the RMB traded in the Mainland China, the CNY, is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the central government of the Mainland China, that could possibly be amended from time to time, which will affect the ability of the Sub-Fund to repatriate monies. Investors should also note that such restrictions may limit the depth of the RMB market available outside of Mainland China. If such policies or restrictions change in the future, the position of the Sub-Fund or its shareholders

may be adversely affected. Generally speaking, the conversion of CNY into another currency for capital account transactions is subject to SAFE (“State Administration of Foreign Exchange”) approvals. Such conversion rate is based on a managed floating exchange rate system which allows the value of CNY to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Any divergence between CNH and CNY may adversely impact investors who intend to gain exposure to CNY through investments in the Sub-Fund.

#### Accounting and Reporting Standards

PRC companies which may issue RMB securities to be invested by the Sub-Fund are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in accordance with international accounting standards. As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, less information may be available to the Sub-Fund and other investors. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

#### Changes in PRC taxation risk

Investment in the Sub-Fund may involve risks due to unclear fiscal measures in the PRC. According to PRC tax laws, regulations and policies (“PRC Tax Rules”), QFIIs and certain eligible foreign institutional investors without an establishment or place in China are temporarily exempt from withholding income tax on capital gains derived from the trading of equity investment assets (including A-shares). The PRC Tax Rules may not be interpreted and applied as consistent and transparent as those of more developed countries and may vary from city to city and in some cases certain taxes which could be considered payable are not actively enforced for collection, nor is any mechanism provided for payment. Moreover, the existing PRC Tax Rules and practices may be changed or amended in the future, *e.g.*: the PRC government may abolish temporary tax incentives that are currently offered to foreign investors, and they may be changed with retrospective effect and could be applied along with penalties and / or late payment interest. Such new PRC Tax Rules may operate to the advantage or disadvantage of the investors.

Tax provisions could be made for the Sub-Fund. Investors should be aware that the net asset value of the Sub-Fund on any Valuation Day may not accurately reflect Chinese tax liabilities. Depending on the tax liabilities payable, it may bring positive or negative impact to the performance and net asset value of the Sub-Fund. In the event penalties or late payment interest could be applicable due factors such as retrospective amendments, changes in practice or uncertain regulations, this could impact the net asset value at the time of settlement with the PRC tax authorities. In the case where the amount of tax provisions made is less than the tax liabilities payable, the amount of shortfall will be deducted from the Sub-Fund’s assets and affecting the Sub-Fund’s net asset value adversely. In the opposite case where the amount of tax provisions made is more than the tax liabilities payable, the release of extra tax provision will affect the Sub-Fund’s net asset value positively. This will only benefit existing investors. Investors who have redeemed their shares before the tax liabilities amount is determined will not be entitled to any part of such release of extra tax provision.

## Specific risks related to investments in Mainland China equity securities

In common with other emerging markets, the Chinese market may be faced with relatively low transaction volumes, and endure periods of lack of liquidity or considerable price volatility. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by the Sub-Fund and the net asset value of the Sub-Fund may be adversely affected if trading volumes on markets for China A-Shares (Shanghai Stock Exchange and Shenzhen Stock Exchange) are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to government intervention or in the case where a particular stock resumes trading at a very different level of price after its suspension). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund. Subscriptions and redemptions of shares in the Sub-Fund may also be disrupted accordingly.

## Trading limitations Risk

Trading band limits are imposed by the stock exchanges in the PRC on China A-Shares, where trading in any China A-Share on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. Considering that PRC securities markets can be frequently affected by trading halts and low trading volume, investors should be aware that A-share markets are more likely to suffer from illiquidity and greater price volatility, which is mostly due to greater government restriction and control relating to A-share markets. A suspension (or a sequence of suspensions) will render the management of the securities involved complicated or make it impossible for the Investment Manager to liquidate positions and/or sell its positions at a favorable price at the worst moment.

## 5. SHARES

The Directors may, within each Sub-Fund, decide to create different Classes of shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, hedging strategy, reference currency, distribution policy or other specific features may apply to each Class. A separate Net Asset Value per share, which may differ as a consequence of these variable factors, will be calculated for each Class. The offering details of each Sub-Fund, including the name and characteristics of the different Classes created in each Sub-Fund are disclosed in the relevant Sub-Fund Appendix. The Directors may at any time decide to issue further Classes of shares in each Sub-Fund, in which case the relevant Sub-Fund Appendix will be amended accordingly.

Fractions of shares up to 4 decimal places will be issued if so decided by the Directors and for the calculation of the price per share the round off method will be used on each Valuation Day. Such fractions shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

All shares must be fully paid-up; they are of no nominal value and carry no preferential or preemptive rights. Each share of the Company, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of shareholders, unless the Board has decided to issue non-voting Shares, in compliance with Luxembourg law and the Articles of Incorporation. The Company will recognise only one holder in respect of each share. In the event of joint ownership, the Company may suspend the exercise of any voting right deriving from the relevant share(s) until one person shall have been designated to represent the joint owners *vis-à-vis* the Company.

Shares will in principle be freely transferable to investors complying with the eligibility criteria of the relevant Class and provided that shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the shares which he holds.

### **Contract notes**

Contract notes which are not proofs of ownership are provided to the investor as soon as practicable after the net asset value is available.

### **Form of shares**

Shares are only issued in registered form and ownership of shares will be evidenced by entry in the register of shareholders of the Company.

## **6. HOW TO SUBSCRIBE**

### **Application**

The Company and the Management Company (as well as the Registrar and Transfer Agent – acting on behalf of the Company) reserve the right to request such information as is necessary to verify the identity of an investor and its status. In the event of a delay or failure by the investor to produce any information required for verification purposes, the Company, the Management Company (as well as the Registrar and Transfer Agent – acting on behalf of the Company) may refuse to accept the Application Form.

Applicants buying shares for the first time need to complete the Application Form which can be sent first by approved electronic transmission to the Registrar and Transfer Agent. The original Application Form has to be sent before the cut-off time for any applicable Valuation Day to the Registrar and Transfer Agent by post. Any subsequent purchase of shares can be made by Swift or any other form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent.

### **Dealing cut-off times**

The dealing cut-off times are indicated in the relevant Sub-Fund Appendix.

Applications received after the relevant cut-off times will normally be dealt on the next applicable Business Day.

### **Acceptance**

The right is reserved by the Company, represented by its Directors, to reject any subscription or switching application in whole or in part without giving the reasons thereof. If an application is rejected, the application monies or balance thereof will be returned at the risk of the applicant and without interest as soon as practicable.

## **Anti-money laundering and prevention of terrorist financing**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 (as amended) on the fight against money laundering and terrorist financing, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacement, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Company for money laundering and terrorist financing purposes.

As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment shall ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require applicants to provide any document it deems necessary to effect such identification. In addition, the Registrar and Transfer Agent, as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined in section 20. "Taxation").

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company, the Management Company, nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to on-going client due diligence requirements under relevant laws and regulations.

The list of identification documents to be provided by each applicant to the Registrar and Transfer Agent will be based on the requirements as stipulated in the CSSF's circulars and regulations as amended from time to time. These requirements may be amended following any new Luxembourg regulations.

Applicants may be asked to produce additional documents for verification of their identity before acceptance of their applications. In case of refusal by the applicant to provide the documents required, the application will not be accepted.

Before redemption proceeds are released, the Registrar and Transfer Agent will require original documents or certified copies of original documents to comply with the Luxembourg regulations.

## **Settlement**

### *IN CASH*

Subscription proceeds must be paid in the Reference Currency of the relevant Class specified in the relevant Sub-Fund Appendix within the timeframe provided for in the relevant Sub-Fund Appendix (settlement date).

Settlement may be made by electronic transfer net of bank charges to the relevant correspondent bank(s) quoting the applicant's name and stating the appropriate Sub-Fund / Class into which

settlement monies are paid. Details of the relevant correspondent bank(s) are given on the Application Form or may be obtained from a distributor.

If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement date will be on the next business day on which those banks are open. Payment should arrive in the transfer agent's appropriate bank account, as specified in the Application Form by the settlement date at the latest as specified in the relevant Sub-Fund Appendix and subject to the foregoing.

### *IN KIND*

The Directors may, at their discretion, decide to accept securities as valid consideration for a subscription provided that these comply with the investment policy and restrictions of the relevant Sub-Fund. A special report of the Company's Auditors will be issued. Additional costs resulting from a subscription in kind (including the costs of the Auditors' report) will be borne exclusively by the subscriber concerned, unless the Board considers that the subscription in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

### **Share allocation**

Shares are issued and allocated but remain unavailable for redemption until settlement has been received by the Company or to its order. Payment for subscribed shares must be received by the Company or by a correspondent bank to its order, not later than the deadlines set forth in the relevant Sub-Fund Appendix.

If timely settlement is not made by the subscriber, the subscription may lapse and be cancelled at the cost of the subscriber or its financial intermediary. If the subscriber does not settle the subscription price in a timely manner, no shares will be issued to the defaulting subscriber.

Failure to proceed to timely settlement by the settlement date may result in the Company / Management Company bringing an action against the defaulting subscriber or its financial intermediary or deducting any costs or losses incurred by the Company / Management Company against any existing holding of the subscriber. Money returnable to the subscriber may be netted taking into account any costs or losses incurred by the Company / Management Company due to non-settlement of subscription proceeds within the Sub-Fund's timeline.

### **Data protection policy**

The personal data or information given in an Application Form or otherwise collected, provided to or obtained by the Company, acting as data controller (the "Data Controller"), in connection with an application to subscribe for, or for the holding of, one or more shares, or at any other time, as well as details of the investor's holding of share(s) ("Personal Data"), will be stored in digital form or otherwise and collected, used, stored, retained, transferred and/or otherwise processed for the purposes described below (the "Processing"), in compliance with the provisions of the Data Protection Legislation.

The Data Controller will collect, use, store, retain, transfer and/or otherwise process the Personal Data: (i) on the basis of the investor's consent; (ii) where necessary to perform any services resulting from the application form, including the holding of one or more shares in general; (iii) where necessary to comply with a legal or regulatory obligation of the Data



Controller; (iv) where necessary for the purposes of the legitimate interests pursued by the Data Controller, the Administration Agent/the Registrar and Transfer Agent or other service providers to the Company (including without limitation its auditors and information technology providers), any lender to the Data Controller or related entities (including without limitation their respective general partner or management company/investment manager and service providers) in or through which the Data Controller intends to invest, and any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns generally (together the “Data Processors” and each a “Data Processor”), which mainly consist in the provision of the services in connection with the Application Form to the investor or compliance with foreign laws and regulations and/or any order of a foreign court, government, regulatory or tax authority, including when providing such services in connection with the Application Form to the investor, and to any beneficial owner(s) and any person holding a direct or indirect interest in the investor and/or any beneficial owner who has not directly entered into the Application Form (“Relevant Persons”), except where such legitimate interests are overridden by the interest or fundamental rights and freedoms of the investor or any Relevant Person(s). Should the investor refuse to communicate its Personal Data or the collection, use, storage, retention, transfer and/or any other processing of its Personal Data as described herein, the Administration Agent/Registrar and Transfer Agent may refuse the subscription of share(s).

The Processing includes, without limitation, the collection, use, storage, retention, transfer and/or any other processing of Personal Data for any of the following purposes:

- (i) to process, manage and administer the investor’s share(s) and any related accounts on an on-going basis;
- (ii) for any specific purpose(s) to which the investor has consented in addition to its consent in the application form in compliance with the Data Protection Legislation;
- (iii) to comply with legal or regulatory requirements applicable to the Data Controller, a Data Processor and/or the investor;
- (iv) where necessary for the purposes of tax reporting to one or more relevant authorities; and
- (v) to fulfill the terms and conditions of, and any services required by, the investor in relation to the application form and the holding of the share(s) and to execute all tasks that are carried out under the Application Form and in relation to the investor’s share(s).

The Personal Data that will be collected, used, retained, stored, transferred and/or otherwise processed includes without limitation: (i) the name, address, email address, telephone numbers, business contact information, current employment, career history, current investments, historic investments, investment preferences, and credit history of the investor and of related individuals of the investor (including without limitation the investor’s directors, officers, individual representatives, legal representatives, trustees, settlors, signatories, shareholders, unitholders, investors, nominees, employees and/or any Relevant Person(s)); (ii) any other data required by the Data Controller to perform services in connection with or resulting from the application form, the investor’s share(s), and/or any contract with any Data Processor; and (iii) any data required by the Data Controller to comply with any legal and/or regulatory obligations. The Personal Data will be directly collected from the investor or, as the case may be, through public sources, social media, subscription services, other third party data sources or, through the investor’s authorized intermediaries, directors, officers, individual representatives (including, without limitation, legal representatives), trustees, settlors, signatories, shareholders, unitholders, investors, nominees or employees.

Each investor is required to:

- (i) have duly and completely informed all natural persons (including, without limitation, the subscriber's directors, officers, individual representatives, legal representatives, trustees, settlors, signatories, shareholders, unitholders, investors, nominees, employees, any Relevant Person(s) and representatives of legal persons) and other data subjects whose Personal Data will be processed in the context of the investor holding of share(s) about the collection, use, storage and/or transfer and/or any other processing of their Personal Data and their rights as described in this section in accordance with the information requirements under the Data Protection Legislation; and
- (ii) where necessary and appropriate, have obtained any consent that may be required for the Processing of said Personal Data in accordance with the requirements of the Data Protection Legislation.

The Data Controller shall be entitled to assume that those persons have, where necessary, given any such consent and have been informed of all information relating to the collection, use, storage and/or transfer and/or processing of their Personal Data and of their rights as described in this section.

Each investor acknowledges, understands and, to the extent necessary, consents that for purposes of and in connection with the Processing:

- (i) the Data Processors may collect, use, retain, store transfer and/or otherwise process Personal Data on behalf of the Data Controller in accordance with Data Protection Legislation; and
- (ii) Personal Data may also be shared, transferred and disclosed, out of the context of any delegation, to any Data Processors and to third parties, acting as data controllers, including the investor's professional and financial advisers, any Data Processor's auditors, technology providers, board of managers or directors, delegates, duly appointed agents and related, associated or affiliated companies, in each case which may be located in a jurisdiction that does not have equivalent data protection laws to those of the EEA, including the Data Protection Legislation and the Luxembourg law of 5 April 1993 on the financial sector (as amended) which provides for a professional secrecy obligation, or that are not subject to an adequacy decision of the European Commission, for their own purposes, including, without limitation, developing and processing the business relationship with any shareholder(s) and/or any Relevant Person(s).

Each investor acknowledges, understands and, to the extent necessary, will be asked to consent to the collection, use, processing, storage and retention of Personal Data by the Management Company acting as a data processor, for the provision of the services to be provided under the UCITS management agreement relating to the Company (the "UCITS Management Agreement") and for other related purposes for which it acts as a data controller and also acknowledges and consents (1) to the transfer of such Personal Data to other companies or entities within the Management Company's group, including its offices outside Luxembourg and the EEA; and (2) to the transfer of such Personal Data to third party companies or entities including their offices outside the EEA where the transfer is necessary for the maintenance of records, administrations or provision of services under the UCITS Management Agreement in relation to any investment product or services of any group of companies. The management services contemplated under the UCITS Management Agreement may leverage operational and technological capabilities located outside Luxembourg and the EEA. Personal Data including

the identity of the investor and the values of its shares in the Company will therefore be accessible to other companies or entities within the Management Company's group. Personal Data may be transferred by the Management Company to a country which does not maintain a legal and regulatory framework to protect confidentiality of personal data (including, without limitation, Personal Data) equivalent to that of Luxembourg and the EEA.

Each investor acknowledges, understands and, to the extent necessary, will be asked to consent to the collection, use, processing, storage and retention of Personal Data by the Administration Agent/Registrar and Transfer Agent acting as a data processor, for the provision of the services to be provided under the Fund Administration Agreement and for other related purposes for which it acts as a data controller and also acknowledges and consents (1) to the transfer of such Personal Data to other companies or entities within the Administration Agent's group, including its offices outside Luxembourg and the EEA; and (2) to the transfer of such Personal Data to third party companies or entities including their offices outside the EEA where the transfer is necessary for the maintenance of records, administrations or provision of services under the Fund Administration Agreement in relation to any investment product or services of any group of companies. The maintenance of records, administrations and provision of the services contemplated under the administration services agreement will leverage operational and technological capabilities located outside Luxembourg and the EEA. Personal Data including the identity of the investor and the values of its shares in the Company will therefore be accessible to other companies or entities within the Administration Agent's and initiator's group. Personal Data may be transferred by the Administration Agent/Registrar and Transfer Agent to a country which does not maintain a legal and regulatory framework to protect confidentiality of personal data (including, without limitation, Personal Data) equivalent to that of Luxembourg and the EEA.

Each investor acknowledges and, to the extent necessary, will be asked to consent to the fact that the Registrar and Transfer Agent and the distributor may collect, use, store, transfer and retain and/or otherwise process the Personal Data, acting as a data processor, for the purpose of carrying out its obligations under the Fund Administration Agreement or the distribution agreement respectively and for other related purposes, for which it acts as a data controller, including auditing, monitoring and analysis of its business, fraud and crime prevention, fighting against money laundering and terrorism financing, legal and regulatory compliance, and the marketing by the Registrar and Transfer Agent of other services. The Registrar and Transfer Agent may disclose Personal Data to a sub-custodian or other custodial delegate, a securities depository, a securities exchange or other market, an issuer, a broker, third party agent or subcontractor, a professional advisor or public accountant, a revenue authority or any governmental entity in relation to and as required for the purpose of processing of any tax relief claim (the "Authorized Recipients") for the purpose of enabling the Registrar and Transfer Agent to perform its duties under the Fund Administration Agreement (the "Permitted Purpose") with the full support of the relevant Authorized Recipients who need to obtain such Personal Data to provide relevant support, and to use communications and computing systems operated by the Authorized Recipients, for the Permitted Purpose, including where such Authorized Recipients are present in a jurisdiction outside Luxembourg or in a jurisdiction outside the EEA, which does not maintain a legal and regulatory framework to protect confidentiality of personal data (including, without limitation, Personal Data) equivalent to that of Luxembourg and the EEA.

Each investor acknowledges and, to the extent necessary, consents to the collection, use, storage, retention and/or other processing of Personal Data by the concerned Data Processors, for the provision of services under the relevant distribution or sub-distribution agreements

including the promotion and marketing of shares, the transfer of information requested by any Data Processors to comply with any law, regulation or recommendation from supervisory or tax authorities applicable to it or them (including without limitation anti-money laundering rules and regulations), process complaints and assist in relation to facilitating the subscription process and preparation and contents of the investor's due diligence questionnaires. In particular, each investor (i) will be asked to consent to the transfer of such Personal Data to any Data Processor, which may be established in a jurisdiction which does not ensure an adequate protection of personal data, and/or in other countries which may or not maintain a legal and regulatory framework to protect confidentiality of Personal Data equivalent to that of Luxembourg and the EEA and (ii) will be asked to acknowledge and consent to the fact that the transfer of such Personal Data is necessary for the purposes described hereinabove and more generally, the admittance of the investor as a shareholder of the Company.

Each investor acknowledges and, to the extent necessary, will be asked to consent to the fact that Personal Data the investor is supplying or that is collected will enable the Company, the Directors as well as, where relevant, any of the Data Processors, to process, manage and administer the investor's share(s) and any related account(s) on an on-going basis, and to provide appropriate services to the investor as a shareholder of the Company including the provision of periodic reports, performance updates, newsletters and market commentary by the Investment Manager or the distributor. Any of the Data Processors may collect, use, store, transfer, retain or otherwise process the Personal Data for the purposes described in the Application Form, this Prospectus, the Fund Administration Agreement, the Depositary Services Agreement, the UCITS Management Agreement as well as for the purposes of the investor's (and any Relevant Person's) anti-money laundering identification and tax identification in this context, and in order to comply with their applicable legal obligations including without limitation prevention of terrorism financing, prevention and detection of crime, tax reporting obligations, FATCA agreement and CRS (the common reporting system pursuant to the Organization for Economic Co-operation and Development Standard for the Automatic Exchange of Financial Account Information in Tax Matters) (if any).

Without prejudice to the paragraph below, and notwithstanding the investor's consent to the processing of its Personal Data in the manner set forth in the Application Form, the investor has the right to object at any time to processing of its Personal Data (including, without limitation, for direct marketing purposes, which includes profiling to the extent that it is relating to such marketing).

Each investor acknowledges, understands, and to the extent necessary, will be asked to consent to the fact that the Data Controller as well as, where relevant, the Data Processors, may be required by applicable laws and regulations to transfer, disclose and/or provide Personal Data, in full compliance with applicable laws and regulations, and in particular Article 48 of the GDPR (when applicable), to supervisory, tax, or other authorities in various jurisdictions, in particular those jurisdictions where (i) the Company is or is seeking to be registered for public or limited offering of the investor's shares, (ii) investors are resident, domiciled or citizens or (iii) the Company is, or is seeking to, be registered, licensed or otherwise authorized to invest.

By investing, each investor acknowledges, understands, and to the extent necessary, will be asked to consent to the fact that the transfer of the investor's data, including Personal Data, may be transferred to a country that does not have equivalent data protection laws to those of the EEA, as described above, or that are not subject to an adequacy decision of the European Commission, including the Data Protection Legislation and the Luxembourg law of 5 April 1993 on the financial sector (as amended) which provides for a professional secrecy obligation.

The Data Controller will transfer the Personal Data (i) on the basis of any adequacy decision of the European Commission with respect to the protection of personal data and/or the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks; (ii) on the basis of appropriate safeguards listed by and subject to the provisions of Article 46 of the GDPR (when applicable), such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism; (iii) on the basis of the consent; (iv) where necessary for the performance of the services resulting from the application form; (v) where necessary for the performance of services by the Data Processors provided in connection with the application form; (vi) where necessary for important reasons of public interest; (vii) where necessary for the establishment, exercise or defense of legal claims; (viii) where the transfer is made from a register which is legally intended to provide information to the public and which is open to consultation, in accordance with applicable laws and regulations, provided that the transfer does not involve the entirety of the personal data or entire categories of the personal data contained in the shareholder's register; or (ix) subject to the provisions of Article 49(1) of the GDPR (when applicable), where the transfer is necessary for the purposes of compelling legitimate interests pursued by the Data Controller which are not overridden by the interests or rights and freedoms of the relevant data subjects.

Each investor has the right to request a copy of Personal Data held in relation to it, and to request that they be amended, updated, completed or deleted as appropriate, if incorrect, and to request a limitation to a processing of its Personal Data and the portability of any Personal Data processed by the Data Controller in the manner and subject to the limitations prescribed in the Data Protection Legislation.

Each investor is entitled to address any claim relating to the processing of its Personal Data to a data protection supervisory authority; in Luxembourg, the *Commission Nationale pour la Protection des Données*

The Personal Data will be held until the investor ceases to be a shareholder of the Company and a period of 10 years thereafter where necessary to comply with applicable laws and regulation or to establish, exercise or defend actual or potential legal claims, subject to the applicable statutes of limitation, unless a longer period is required by applicable laws and regulations.

The Data Controller and the Data Processors processing the Personal Data on its behalf will accept no liability with respect to an unauthorized third party receiving knowledge of, or having access to, its Personal Data, except in the case of proven negligence or serious misconduct by the Data Controller and/or any Data Processor that processes the Personal Data on its behalf or by any of their respective employees, officers, affiliates, agents and sub-contractors. In any event, the liability of the Data Controller with respect to the processing of Personal Data remains strictly limited to what is imposed by the Data Protection Legislation.

## **7. HOW TO SELL SHARES**

### **Request**

Redemption requests should be made directly to the Company at the Company's registered address c/o the Registrar and Transfer Agent. Such requests may be made by Swift or any other form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent.

In compliance with the forward pricing principle, redemption requests received after the applicable cut-off time (as detailed, for each Sub-Fund in the relevant Sub-Fund Appendix) will be deferred to the next applicable Business Day.

## **Settlement**

### *IN CASH*

Redemption proceeds will be paid in the Reference Currency of the relevant Class specified in the relevant Sub-Fund Appendix within the timeframe provided for in the relevant Sub-Fund Appendix.

If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next business day on which those banks are open.

### *IN KIND*

With the consent of or upon request of the shareholder(s) concerned, the Board may satisfy redemption requests in whole or in part in kind subject to a special report from the Company's Auditors (to the extent this report is legally or regulatory required), having due regard to the interests of all shareholders to the industry sector of the issuer, to the country of issue, to the liquidity and to the marketability and the markets on which the investments distributed are dealt in and to the materiality of investments. Additional costs resulting from redemption in kind will be borne exclusively by the shareholder(s) concerned, unless the Board considers that the redemption in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

## **Contract notes**

Contract notes are sent to shareholders as soon as practicable after the transaction has been effected.

## **Compulsory redemption**

If a redemption/switching instruction would reduce the value of a shareholder's residual holding in any one Sub-Fund or Class to below the minimum holding requirement as set forth in the relevant Sub-Fund Appendix, the Company may decide to compulsorily redeem the shareholder's entire holding in respect of that Sub-Fund.

The Company may also compulsorily redeem any shares that are acquired or held by or on behalf of any person in breach of the provisions of the Prospectus, the Articles of Incorporation, the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority, or by any persons due which the Company fails to comply with FATCA or CRS, as further detailed in the Articles of Incorporation.

If it appears at any time that a holder of shares of a Class or of a Sub-Fund reserved to Institutional Investors is not an Institutional Investor, the Directors will convert the relevant shares into shares of a Class or of a Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a Class of shares or of a Sub-Fund with similar characteristics)

or compulsorily redeem the relevant shares in accordance with the provisions set forth in the Articles of Incorporation.

### **Deferral of redemption**

In order to ensure that shareholders who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited period, the Directors may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions.

The Company shall not be bound to redeem on any Valuation Day shares representing more than 10% of the net asset value of any Sub-Fund (net of subscriptions on the same Valuation Day). For this purpose and provided the switching of shares is authorised for the relevant Sub-Fund, switching of shares out of a Class shall be treated as redemptions of such shares. Redemption requests received on a Valuation Day may, in the absolute discretion of the Directors, be scaled down pro-rata so that shares representing not more than 10% of the net asset value of any Sub-Fund may be redeemed on a Valuation Day. In these circumstances redemptions may be deferred by the Company to the next Valuation Day after the date of receipt of the redemption request. Redemptions that are deferred when processed will be effected in priority to the redemption requests received on such following Valuation Day.

The Company will accept shareholder instructions to redeem by facsimile at the shareholder's own risk and provided that the shareholder has executed a facsimile instruction indemnity form. Redemption requests may not be withdrawn except in the event of a suspension set out under section 10 "Net Asset Value and Dealing Prices", sub-section "Temporary suspension" or deferral of the right to redeem shares of the relevant Class. Payment of redemption proceeds may be delayed if there are any specific statutory provisions such as foreign exchange restrictions, or any circumstances beyond the Company's control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested.

### **Cancellation right**

Requests for redemption once made may in principle only be withdrawn in the event of a suspension or deferral of the right to redeem shares of the relevant Sub-Fund. In exceptional circumstances, the Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between shareholders, the interests of the relevant Sub-Fund and applicable market timing rules, decide to accept any withdrawal of an application for redemption.

## **8. HOW TO SWITCH SHARES**

To the extent provided for in the relevant Sub-Fund Appendix, shareholders will be entitled to request the switching of the shares they hold in one Sub-Fund into shares of another Sub-Fund or to request the switching of the shares they hold in one Class into another Class of the same Sub-Fund by making application to the Registrar and Transfer Agent in Luxembourg or through a distributor by Swift or fax, confirmed in writing by no later than the cut-off time (as further specified in the relevant Sub-Fund Appendix).

Such application must include the following information: the name of the holder, the number of shares to be switched (if it is not the total holding) and, if possible, the reference number on

any share of each Sub-Fund to be switched and the proportion of value of those shares to be allocated to each new Sub-Fund or Class (if more than one).

Switching will be subject to the condition that all conditions to subscribe in shares relating to the new Sub-Fund/Class are met.

Unless otherwise provided for in the relevant Sub-Fund Appendix, switching (when authorised) may be accepted on each Business Day preceding the relevant Valuation Days in both applicable Sub-Funds/Classes.

If compliance with switching instructions would result in a residual holding in any one Sub-Fund or Class of less than the minimum holding, the Company may compulsorily redeem the residual shares at the redemption price ruling on the relevant Business Day and make payment of the proceeds to the shareholder.

The basis of switching is related to the respective Net Asset Value per share of the Sub-Fund or Class concerned. The Company will determine the number of shares into which a shareholder wishes to switch his existing shares in accordance with the following formula:

$$A = \frac{(B \times C \times D) - F}{E}$$

The meanings are as follows:

- A: the number of shares to be issued in the new Sub-Fund/Class
- B: the number of shares in the original Sub-Fund/Class
- C: Net Asset Value per share to be switched
- D: currency switching factor
- E: Net Asset Value per share to be issued
- F: Switching charge (as detailed in the relevant Sub-Fund Appendix)

The Company will provide a confirmation including the details of the switching to the shareholder concerned.

Any switching request shall in principle be irrevocable, except in the event of a suspension of the calculation of the net asset value of the Class or of the Sub-Fund concerned or deferral. The Management Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between shareholders and the interests of the relevant Sub-Fund, decide to accept any withdrawal of an application for switching.

In compliance with the forward pricing principle, requests for switching received after the cut-off time (as detailed, for each Sub-Fund, in the relevant Sub-Fund Appendix) will be deferred to the next applicable Business Day.

The rules applicable to the deferral of redemptions will apply *mutatis mutandis* to switching requests.

## **9. LATE TRADING AND MARKET TIMING**

“Late Trading” is understood to be the acceptance of a subscription (or switching or redemption) order after the applicable cut-off time on the relevant Valuation Day and the



execution of such order at a price based on the Net Asset Value per share applicable for such same day. Late Trading is strictly forbidden.

“Market Timing” is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or switches shares within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value per share of a given Sub-Fund. Market Timing practices may disrupt the investment management of the Sub-Fund and harm the performance of the relevant Sub-Fund.

In order to avoid such practices, shares are issued, redeemed and switched at an unknown price and the Company will not accept orders received after the relevant cut-off time.

The Company reserves the right to refuse dealing orders with respect to a Sub-Fund by any person who is suspected of Market Timing activities and to take appropriate measures to protect other investors of the Company.

## **10. NET ASSET VALUE AND DEALING PRICES**

### ***10.1 Calculation of the net asset value***

#### *Valuation Principles*

The net asset value of each Class within each Sub-Fund (expressed in the Reference Currency of the Class) is determined by aggregating the value of securities and other permitted assets of the Company allocated to that Class and deducting the liabilities of the Company allocated to that Class.

Unless otherwise provided for in the relevant Appendix of each Sub-Fund, the Administration Agent will calculate the net asset value per share to four (4) decimal places and using the round off method on each Business Day.

The assets of each Class within each Sub-Fund are valued as of the Valuation Day, as defined in the relevant Sub-Fund Appendix, as follows:

1. shares or units in open-ended undertakings for collective investment, which do not have a price quotation on a Regulated Market, will be valued at the actual net asset value for such shares or units as of the relevant Valuation Day, failing which they shall be valued at the last available net asset value which is calculated prior to such Valuation Day. In the case where events have occurred which have resulted in a material change in the net asset value of such shares or units since the last net asset value was calculated, the value of such shares or units may be adjusted at their fair value in order to reflect, in the reasonable opinion of the Directors, such change;
2. securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative instruments which are listed and with a price quoted on any official stock exchange or traded on any other organised market will be valued at the closing price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Directors shall select the principal of such stock exchanges or markets for such purposes;

3. shares or units in undertakings for collective investment the issue or redemption of which is restricted and in respect of which a secondary market is maintained by dealers who, as principal market-makers, offer prices in response to market conditions may be valued by the Directors in line with such prices;
4. the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
5. the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in a reliable and verifiable manner on a daily basis and verified by a competent professional appointed by the Company;
6. swap contracts will be valued according to generally accepted valuation rules that can be verified by auditors. Asset based swap contracts will be valued by reference to the market value of the underlying assets. Cash flow based swap contracts will be valued by reference to the net present value of the underlying future cash flows;
7. the value of any security or other asset which is dealt principally on a market made among professional dealers and institutional investors shall be determined by reference to the last available price;
8. any assets or liabilities in currencies other than the relevant currency of the concerned Sub-Fund will be switched using the relevant spot rate quoted by a bank or other responsible financial institution;
9. in the event that any of the securities held in the Company portfolio on the relevant day are not listed on any stock exchange or traded on any organised market or if with respect to securities listed on any stock exchange or traded on any other organised market, the price as determined pursuant to sub-paragraph (2) is not, in the opinion of the Directors, representative of the fair market value of the relevant securities, the value of such securities will be determined prudently and in good faith based on the reasonably foreseeable sales price or any other appropriate valuation principles.
10. liquid assets and Money Market Instruments may be valued at nominal value plus any accrued interest or an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. If the method of valuation on an amortised cost basis is used, the portfolio holdings will be reviewed from time to time under the direction of the Directors to determine whether a deviation exists between the net asset value calculated using market quotations and that calculated on an amortised cost basis. If a deviation exists which may result in a material dilution or other unfair result to investors or existing shareholders, appropriate corrective action will be taken including, if necessary, the calculation of the net asset value by using available market quotations.
11. in the event that the above mentioned calculation methods are inappropriate or misleading, the Directors may adopt to the extent such valuation principles are in the

best interests of the shareholders any other appropriate valuation principles for the assets of the Company; and

12. in circumstances where the interests of the Company or its shareholders so justify (avoidance of market timing practices, for example), the Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Company's assets.

Fair value adjustments are carried out by the Directors in consultation with the Management Company and the Depositary.

A fair value pricing model means that the value of certain assets will be adjusted to more accurately reflect their fair value based upon certain criteria. Such adjustments may occur during monitoring periods if (1) a single country or several countries equity risk exposure (excluding equity exposure held via target funds) of a Sub-Fund reaches or exceeds a certain trigger level (as defined by the Directors from time to time) on the first Valuation Day of the respective monitoring period and (2), at the respective Sub-Fund's deadline for receipt of applications, the main stock exchange of the respective countries are already closed during normal course of business. If these conditions are fulfilled, the value of the portion of Sub-Fund's assets which form part of the respective single country equity risk exposure based on the closing prices of the relevant country's main stock exchange is compared to their estimated value at the moment when the net asset value of the Sub-Fund is calculated; the estimation is based on the movement of index orientated instruments since the close of business of the respective country's main stock exchange. If such comparison leads to a deviation in Sub-Fund's estimated portion of the net asset value by at least a certain trigger level, the portion of the Sub-Fund's net asset value will be adjusted accordingly to the extent that the unadjusted value would not represent their actual value.

The Directors, at their absolute discretion, may permit some other method of valuation to be used if they consider such valuation to be a more fair valuation of an asset of the Company.

Further information about valuation, including on assets, liabilities and asset pools, can be found in the Articles of Incorporation.

The accounts of the Company for the purpose of its financial reports shall be expressed in USD.

#### *Swing Pricing / Dilution Levy*

A Sub-Fund may suffer a reduction in value, known as "dilution" when trading the underlying investments as a result of net inflows or net outflows of the respective Sub-Fund. This is due to transaction charges and other costs that may be incurred by liquidating and purchasing the underlying assets and the spreads between the buying and selling prices. In order to counter this effect and to protect shareholders' interests, the Company may adopt one of the two following approaches in respect of a particular Sub-Fund:

- a) The Company may adopt a swing pricing mechanism as part of its valuation policy. This means that in certain circumstances the Company may make adjustments to the Net Asset Value per share to counter the impact of dealing and other costs on occasions when these are deemed to be significant. If on any Valuation Day, the aggregate net investor(s) transactions in a Sub-Fund exceed a predetermined threshold, the Net Asset Value per share may be adjusted upwards or downwards to reflect the costs attributable to the net inflows and net outflows respectively. Typically, such adjustments will increase the Net Asset Value per share when there are net

subscriptions into the Sub-Fund and decrease the Net Asset Value per share when there are net redemptions out of the Sub-Fund. The Company is responsible for setting the threshold, which will be a percentage of the net assets of the respective Sub-Fund. The threshold is based on objective criteria such as the size of a Sub-Fund and the dealing costs for a Sub-Fund, and may be revised from time to time.

The swing pricing mechanism may be applied across all Sub-Funds of the Company. The percentage by which the Net Asset Value per share may be swung may not exceed 2 % of the Net Asset Value of the relevant Sub-Fund. The Net Asset Value per share of each share class in a Sub-Fund will be calculated separately but any adjustment will be made on Sub-Fund level and in percentage terms, equally affecting the Net Asset Value per share of each Class. If swing pricing is applied to a Sub-Fund on a particular Valuation Day, the net asset value adjustment will be applicable to all transactions placed on that day. Investors are advised that the volatility of the Sub-Fund's net asset value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

b) The Directors may decide to charge a dilution levy on subscriptions or redemptions, as described below. The value of the portfolio of a Sub-Fund may be reduced as a result of the costs incurred in the dealings in the Sub-Fund's investments, including stamp duty and any difference between the buying and selling price of such investments. In order to mitigate against such "dilution" and consequent potential adverse effect on remaining shareholders, the Company has the power to charge a "dilution levy" of up to 2 % of the applicable Net Asset Value per share when shares are subscribed for or redeemed, such "dilution levy" to accrue to the affected Sub-Fund. Any dilution levy must be fair to all shareholders and potential shareholders and the Company will operate this measure in a fair and consistent manner to reduce dilution and only for that purpose.

## **10.2      *Temporary suspension***

The Company, as represented by the Directors and in consultation with the Depositary, may, having regard to the best interest of shareholders suspend the issue, allocation and the redemption of shares relating to any Sub-Fund as well as the right to switch shares (if applicable) and the calculation of the Net Asset Value per share relating to any Class:

- a) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Sub-Fund for the time being are quoted or traded, is closed, other than for ordinary holidays, or during which dealings are restricted, limited or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Sub-Fund by the Company is not possible;
- c) during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant Sub-Fund is suspended;
- d) during any period when the determination of the Net Asset Value per share of the underlying funds or the dealing of their shares/units in which a Sub-Fund is a materially invested is suspended or restricted;

- e) during any breakdown in the means of communication normally employed in determining the price of any of the relevant Sub-Fund's investments or the current prices on any market or stock exchange;
- f) during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Sub-Fund's investments is not possible;
- g) from the date on which the Directors decide to liquidate or merge one or more Sub-Fund(s) or Class of shares or decides to propose the liquidation of the Company to a general meeting of shareholders or from the date of the publication of the convening notice to a general meeting of shareholders at which a resolution to wind up or merge the Company or one or more Sub-Fund(s) or Class of shares is to be proposed; or
- h) during any period when in the opinion of the Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the shareholders to continue dealing in shares of any Sub-Fund of the Company.

The Company may cease the issue, allocation, switching and redemption of the shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority.

The suspension of the calculation of the net asset value of a Sub-Fund shall have no effect on the calculation of the Net Asset Value per share, the issue, redemption and switching of shares of any other Sub-Fund which is not suspended.

To the extent legally or regulatory required or decided by the Company, shareholders who have requested switching or redemption of their shares will be promptly notified in writing of any such suspension and of the termination thereof.

Suspended subscription, redemption and switching applications may be withdrawn by written notice provided that the Company receives such notice before the suspension ends.

Suspended subscription, redemption and switching applications shall be executed on the first Valuation Day following the resumption of net asset value calculation by the Company.

At the end of the period of suspension, shares will be redeemed on a "first in first out" basis (provided that the principle of fair treatment of shareholders is complied with, at any time).

### **10.3      *Offer price***

Shares will be issued at a price based on the net asset value calculated on the relevant Valuation Day plus any applicable subscription charge disclosed in the relevant Sub-Fund Appendix. The subscription charge shall be allocated to the Principal Distributor or to entities involved in the distribution. Subscription proceeds shall be paid within the timeframe disclosed in the relevant Sub-Fund Appendix.

#### **10.4 Redemption price**

Shares will be redeemed at a price based on the net asset value calculated on the relevant Valuation Day less any applicable redemption charge disclosed in the relevant Sub-Fund Appendix. The redemption price will be payable within the timeframe disclosed in the relevant Sub-Fund Appendix.

#### **10.5 Information on prices**

The Net Asset Value per share in each Sub-Fund is available at the registered office of the Company. The Company may also notify the relevant stock exchanges of the Net Asset Value per share in each Sub-Fund where the shares are listed, if applicable.

### **11. INCOME EQUALISATION**

The Company operates income equalisation arrangements for all dividend distribution share Classes.

Income equalisation aims to mitigate the effects of subscriptions, redemptions and switching of a Class during the financial year on the level of accrued income. The effect being that, if an investor subscribes during the accounting period, the subsequent dividend will include a portion representing a return of capital on the original investment.

### **12. DIVIDENDS**

The Directors may issue dividend distribution and capital-accumulation shares, as further specified in the relevant Sub-Fund Appendix.

Capital-accumulation shares do not pay any dividends. They accumulate their income so that the income is included in the price of the shares.

Dividends may be declared in respect of each dividend distribution share Class of each Sub-Fund by a meeting of shareholders of the Company at the end of each financial year. Investors should however note that the Board may in its discretion decide not to declare dividends, and there is no guarantee of a regular distribution of dividends.

Dividends may be announced in the countries where the Sub-Funds are registered according to regulations of those jurisdictions.

### **13. CHARGES AND EXPENSES**

#### *Management Company Fee*

The Management Company fee (the “Management Company Fee”) will not exceed 0.05% per annum of the Sub-Fund’s net assets as determined on the last business day of each month, subject to a minimum quarterly fee of EUR 12,000. The Management Company Fee accrues daily and is paid monthly in arrears.

#### *Investment Management/Advisory Fees*

In consideration for the investment management/advisory services provided to the Company, the Investment Managers/advisers (if any) are entitled to receive from the Company any investment management/advisory fee of a percentage of the net assets of the relevant Class as

further detailed in the relevant Sub-Fund Appendix. Unless otherwise provided for in the relevant Sub-Fund Appendix, this fee will be accrued on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund.

#### *Performance Fee*

To the extent provided for in the relevant Sub-Fund Appendix, the Investment Manager may also be entitled to receive a performance fee (the “Performance Fee”), the details of which will (where applicable) be disclosed in the relevant Sub-Fund Appendix.

#### *Depository Fee*

As Depository, HSBC Continental Europe, Luxembourg is entitled to receive out of the assets of the Company, fees in consideration for providing services to it, along with such out-of-pocket expenses and disbursements as are deemed reasonable and customary by the Directors. The fees payable to HSBC Continental Europe, Luxembourg, comprise transaction-based fees and asset-based fees.

For its custody services, HSBC Continental Europe, Luxembourg receives a fee for this service which can vary dependent upon the markets in which the assets of the Company are invested.

This fee can range from 0.018% p.a. of the value of the assets of a Sub-Fund when safe kept in developed markets to 0.522% p.a. of the value of the assets of such Sub-Fund which are safe kept in emerging markets (excluding sub-custodian out of pocket expenses).

This fee is calculated and accrued on each Valuation Day and is payable by the Company monthly in arrears and as agreed from time in writing between the Company and the Depository. Trade settlement is charged on a per transaction basis based on the countries in which the securities are settled.

For depository services, HSBC Continental Europe, Luxembourg receives an annual fee based upon a reducing scale, of up to 0.015% p.a. of the value of the Company's net assets, subject to a minimum annual depository fee of EUR 42,600.00 per Sub-Fund.

#### *Administration Agent and Registrar and Transfer Agent Fees and Expenses*

For its services as Administration Agent, Registrar and Transfer Agent and unless otherwise agreed for a specific Sub-Fund, HSBC Continental Europe, Luxembourg receives an annual fee based upon a reducing scale, of up to 0.05% p.a., depending upon the value of the Company's net assets, subject to a minimum annual central administration fee of EUR 42,000.00 per Sub-Fund.

This fee is calculated and accrued on each Valuation Day and is payable by the Company monthly in arrears and as agreed from time to time in writing.

#### *Other charges and expenses*

The Company pays all brokerage and any other fees arising from transactions involving securities in the Company's portfolio, clearing, taxes and governmental duties and charges payable by the Company, and fees and expenses involved in registering and maintaining the authorisation in Luxembourg and elsewhere, if applicable, and the listing of the Company's shares (where applicable), maintaining listing, listing agent fees, cost and expenses for

regulatory and tax representatives appointed in various jurisdictions and any other agents employed by the Company, insurance, interest, for subscriptions to professional associations and other organisations in Luxembourg or in other jurisdiction where it may be registered for the offering of its shares, which the Company will decide to join in its own interest and in that of its shareholders, the cost of publication of prices and costs relating to distribution of dividends and redemption repayment, bank charges, the remuneration of the Directors, if any, including their insurance cover and their reasonable out-of-pocket expenses and its other operating expenses such as accounting and pricing costs, expenses for legal, auditing and other professional services relating to the management of the Company and of its Sub-Funds, costs of printing, translating, and publishing information for the shareholders and in particular the costs of printing, translating and distributing the periodic reports, as well as the Prospectus, litigation and other recurring or non-recurring expenses.

Any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets will be borne by the Company.

The costs and expenses for the formation of the Company and the initial issue of its shares will be borne by the first Sub-Fund of the Company and amortized over a period not exceeding 5 years. Any additional Sub-Fund(s) which may be created in the future shall bear their own formation expenses to be amortized over a period not exceeding 5 years.

Costs and expenses not attributable to a particular Class or Sub-Fund are allocated between all the Classes respective to shares pro-rata to their respective net asset value.

In the case of amortised costs allocated pro-rata, the Directors reserve the right to recalculate such allocation over the course of the amortisation period if they believe that such is fair and equitable in light of the changes in the Sub-Funds' respective net asset value.

#### **14. MANAGEMENT COMPANY**

Pursuant to the UCITS Management Agreement, Carne Global Fund Managers (Luxembourg) S.A. will act as the UCITS management company of the Company. The Management Company has been authorized in Luxembourg by the CSSF to act as management company for UCITS pursuant to a UCITS Management Agreement dated 20 August 2020 (as may be amended from time to time).

The Management Company was incorporated in Luxembourg on 17 September 2009 for an indefinite period and is subject to the provisions of Chapter 15 of the 2010 Law. It has its registered office in the Grand-Duchy of Luxembourg, at 3, rue Jean Piret, L-2350 Luxembourg. The Articles of incorporation of the Management Company were most recently updated on 11 December 2015 and this amendment was published in the "Mémorial, Recueil des Sociétés et Associations" on 17 February 2016. The Articles of incorporation of the Management Company are filed in their consolidated, legally binding form for public reference in the Luxembourg Trade and Companies Register under no. B 148 258.

The Management Company has been authorized in Luxembourg by the CSSF to act as external alternative investment fund manager for alternative investment funds and UCITS. In addition to the Company, the Management Company also manages other UCITS.



The Management Company has an established remuneration framework and associated policy in place (the “**Remuneration Policy**”) that is in line with Article 111a et seq. of the 2010 Law as well as the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).

The details of the up-to-date Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits (including the composition of the remuneration committee), as well as on consistency with the integration of Sustainability Risks in its investment decision making process generally, are available on the website [www.carnegroup.com](http://www.carnegroup.com), under the section “**Policies**”. A paper copy of the Remuneration Policy will be made available free of charge upon request.

The Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles and the articles of incorporation.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company and the UCITS funds which it manages and of the investors in such UCITS funds and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS funds managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the UCITS funds and their investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

The Management Company has implemented a remuneration structure whereby the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration. As any variable remuneration portion is fully discretionary, the Management Company retains full flexibility in the operation of the flexible remuneration component as it has the possibility to award no variable pay. This means that any variable remuneration is paid only if it is sustainable according to the financial situation of the Management Company and the Carne group as a whole, and justified according to the performance of the Management Company and the individual concerned. Where there is subdued or negative performance of the Management Company, the award of any variable remuneration will take into account the current total compensation of the individual. The variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the applicable legislation and regulatory requirements.

#### *Description of Duties*

The Management Company is entrusted with the day-to-day management of the Company, with the responsibility to perform directly or by way of delegation all operational functions relating to the investment management, namely (a) the portfolio management function and (b) the risk management function, the administration of the Company and the marketing and distribution of the Shares.

#### *Professional Liability*

In accordance with the requirements of 2010 Law, the Management Company is holding

additional own funds which are appropriate to cover potential liability risks arising from professional negligence which is appropriate to the risks covered.

#### *Delegation*

The Management Company is permitted to appoint delegates in relation to its functions in accordance with the 2010 Law and pursuant to the UCITS Management Agreement as further described in this Prospectus. Information about conflicts of interests that may arise from these delegations and that is not already disclosed in this Prospectus is available at the registered office of the Management Company.

The Management Company will monitor on a continuing basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and such third parties provide that the Management Company may give at any time further instructions to such third parties, and that it may withdraw their mandate under certain circumstances.

The Management Company shall adopt procedures aiming to control that the execution of the mandates given to the different agents are carried out in accordance with the conditions agreed and in compliance with the 2010 Law and applicable regulations.

#### *Principle Adverse Impact Statement of the Management Company*

Principal adverse impacts (PAIs) are those impacts of investment decisions and advice that result in negative effects on Sustainability Factors. The Management Company will currently not take into account adverse impacts of investment decisions on Sustainability Factors but will do so once sufficient information and data will be available to adequately assess PAI. The Management Company is keeping its approach to this matter under review.

PAIs on Sustainability Factors for any Sub-Fund of the Company will, if applicable, be disclosed in the relevant Sub-Fund Appendix accordingly.

### **15. INVESTMENT MANAGER**

The Management Company, with the consent and upon recommendation of the Company, has appointed the Investment Manager as investment manager of the Company. The Investment Manager, with company registration number 1045408, was incorporated on 16 May 2006.

The Investment Manager is a licensed corporation by the Securities and Futures Commission of Hong Kong and is authorised to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Under the conditions of its licence, the Investment Manager is not permitted to hold client assets and, with respect to its Type 1 (dealing in securities) regulated activity, the Investment Manager shall only provide services to professional investors only. Additional information regarding the financial condition of the Investment Manager will be provided to the Company upon request.

The Investment Manager has established a liquidity risk management process with respect to the Company which enable it to identify, monitor and manage the liquidity risks of the each Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such framework takes into account different factors, including but not limited to, the investment strategy, the liquidity profile, the dealing frequency and the valuation policy of the Sub-Fund.

This seeks to ensure fair treatment for the investors. The Investment Manager is responsible for monitoring the liquidity profile of the assets and liabilities of each Sub-Fund, and identifying and managing the liquidity risks of the Sub-Fund. Liquidity management tools that may be utilized to manage a Sub-Fund's liquidity risk include implementation and maintenance of appropriate risk profile for the Sub-Fund, monitoring the liquidity profile of investments held by the Sub-Fund on an on-going basis to ensure that it is appropriate to meet redemption requests for the Sub-Fund, and periodic stress testing carried out to manage the liquidity risk of the Sub-Fund. The Company is also authorized to defer a shareholder's redemption request as more particularly described in section 7 "How to Sell Shares", sub-section "Deferral of redemption".

The Investment Manager may delegate its management duties to one or more sub-investment managers (each a "Sub-Investment Manager") whose identity will be disclosed in the relevant Sub-Fund Appendix.

In addition, the Investment Manager, with the prior consent of the Company and the Management Company may also appoint one or more investment advisers (each an "Investment Adviser") to advise it on the management of one or more Sub-Fund(s). The identity of the Investment Advisers (if any) will be disclosed in the relevant Sub-Fund Appendix.

The Investment Manager may enter into soft commissions arrangements with brokers under which certain business services are obtained and are paid for by the brokers out of the commissions they receive from transactions of the Company, in compliance with applicable laws. Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Manager to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The soft commission arrangements are subject to the following conditions: (i) the Investment Manager will act at all times in the best interest of the Company and the Management Company when entering into soft commission arrangements; (ii) the research services provided will be in direct relationship to the activities of the Investment Manager; (iii) brokerage commissions on portfolio transactions for the Company will be directed by the Investment Manager to broker-dealers that are entities and not to individuals; and (iv) the Investment Manager will provide reports to the Management Company with respect to soft commission arrangements including the nature of the services it receives.

#### *Principle Adverse Impact Statement of the Investment Manager*

Principal adverse impacts (PAIs) are those impacts of investment decisions and advice that result in negative effects on Sustainability Factors. The Investment Manager will currently not take into account adverse impacts of investment decisions on Sustainability Factors but will do so once sufficient information and data will be available to adequately assess PAI. The Investment Manager is keeping its approach to this matter under review.

PAIs on Sustainability Factors for any Sub-Fund of the Company will, if applicable, be disclosed in the relevant Sub-Fund Appendix accordingly.

## **16. DISTRIBUTION OF SHARES**

The Management Company has, with the consent and upon recommendation of the Company, appointed the Principal Distributor as the principal distributor of the Company to distribute the shares of the Sub-Funds. The Principal Distributor may appoint one or more sub-distributors.

The Principal Distributor or the sub-distributors may offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

Investors may subscribe directly to the Company without having to go through a distributor or a nominee. Unless otherwise provided by local law, any investor holding shares in a nominee account with a distributor has the right to claim, at any time, direct title to such shares.

The Principal Distributor or the sub-distributors, with regard to the distribution of certain Classes may be entitled to a distribution fee payable by the Management Company or the Company out of the assets of the relevant Sub-Fund as set out in the relevant Sub-Fund's Appendix. The Principal Distributor may have the right, to reallocate such fee at its discretion, in whole or in part, to sub-distributors.

## **17. DEPOSITARY**

Pursuant to the Depositary Services Agreement and for the purpose of and in compliance with the 2010 Law, the Depositary has been appointed as depositary to the Company.

The Depositary is the Luxembourg branch of HSBC Continental Europe, a public limited company incorporated in France with company registration number 775670284. HSBC Continental Europe is a wholly owned subsidiary of HSBC Holdings plc. The Depositary's registered office is located at 18, Boulevard de Kockelscheuer L-1821 Luxembourg and is registered with the Luxembourg trade and companies register under number B 227.159. HSBC Continental Europe is supervised by the European Central Bank, as part of the Single Supervisory Mechanism, the French Prudential Supervisory and Resolution Authority (*l'Autorité de Contrôle Prudentiel et de Résolution*) as the French national competent authority and the French Financial Markets Authority (*l'Autorité des Marchés Financiers*) for the activities carried out over financial instruments or in financial markets. HSBC Continental Europe, Luxembourg is authorised to act as depositary bank in Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"); as a consequence thereof, when servicing Luxembourg undertakings for collective investment, the Depositary is subject to the general supervision of the CSSF.

The Depositary provides services to the Company as set out in the Depositary Services Agreement and, in doing so, shall comply with the 2010 Law and any applicable CSSF circulars or regulations.

The key Depositary's duties include the following:-

(i) Ensuring that the Company's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to shares of the Company have been received.

(ii) Safekeeping the assets of the Company, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly.

(iii) Ensuring that sales, issues, repurchases, redemptions and cancellations of the shares of the Company are carried out in accordance with applicable national law and the Articles of Incorporation.

(iv) Ensuring that the value of the shares of the Company is calculated in accordance with applicable national law and the Articles of Incorporation.

(v) Carrying out the instructions of the Company or the Management Company, unless they conflict with applicable national law and the Articles of Incorporation.

(vi) Ensuring that in transactions involving Company's assets any consideration is remitted to the Company within the usual time limits.

(vii) Ensuring that the Company's income is applied in accordance with applicable national law and the Articles of Incorporation.

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

The Depositary may delegate to one or more global sub-custodians (each a "Global Sub-Custodian") the safekeeping of certain of the assets of the Company in accordance with the terms of a written agreement between the Depositary and the Global Sub-Custodian. The Global Sub-Custodian may also use sub-delegates appointed in accordance with the terms of written agreements for the safekeeping of certain of the assets of the Company. As of the date of the Prospectus, the Global-Sub-Custodian is Hong Kong and Shanghai Banking Corporation Ltd, Hong Kong ("HBAP"). An up-to-date list of the appointed Global-Sub-Custodians and sub-delegates is available on request and free of charge at the registered office of the Company or from Depositary's website: <https://www.hsbc.lu/en-gb/global-banking-markets>.

Under the term of the Depositary Services Agreement, in general, the Depositary is liable for losses suffered by the Company as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Company for the loss of financial instruments of the Company which are held in its custody.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

The Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, where a delegate is an affiliate of the Depositary, the Depositary may have a financial or business interest in that delegate and these interconnections could give rise to potential conflict of interests represented by selection bias (choice of the delegate not based

on quality and price), insolvency risk (lower standards in asset segregation or attention to the delegate's solvency) or single group exposure risk.

Actual or potential conflicts of interest may arise between the Company, any Sub-Fund, the shareholders or the Management Company on the one hand and the Depositary on the other hand. For example such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Company and/or a Sub-Fund. The Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Company and/or a Sub-Fund, or may have other clients whose interests may conflict with those of the Company and/or a Sub-Fund, the shareholders or the Management Company.

The Depositary and any of its affiliates may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to the Company and/or a Sub-Fund. This includes for example circumstances in which the same entity to which the Depositary or any of its affiliates or connected persons belong: acts as fund administrator of the Company and/or a Sub-Fund; provides stocklending services and foreign exchange facilities to the Company and/or a Sub-Fund and/or to other funds or companies; acts as banker, derivatives counterparty of the Company and/or a Sub-Fund; acts in the same transaction as agent for more than one client; or earns profits from or has a financial or business interest in any of these activities.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest. As per such policy where a potential conflict of interest is identified by an employee it should immediately be escalated to the line manager/senior management and/or HSBC's Compliance department. The situation will be analysed, recorded and managed promptly in the best interest of the Company's shareholders. A conflict of interest register is maintained and monitored by HSBC's Compliance department.

Up to date information regarding the name of the Depositary, a description of any conflicts of interest that may rise and delegations of the Depositary's safekeeping functions will be made available to shareholders on request and free of charge at the registered office of the Company.

The appointment of the Depositary under the Depositary Services Agreement may be terminated without cause by not less than (90) days written notice provided that the Depositary Services Agreement does not terminate until a replacement Depositary has been appointed which must happen within two months.

## **18. ADMINISTRATION**

### *Administration Agent*

Upon recommendation and with the consent of the Company, the Management Company has delegated the administration of the Company to HSBC Continental Europe, Luxembourg and has authorized the latter in turn, upon prior approval of the Company and Management Company, to delegate tasks wholly or partly to one or more third parties under the supervision and responsibility of the Management Company.

As the Administration Agent, HSBC Continental Europe, Luxembourg, will assume all administrative duties that arise in connection with the administration of the Company.

The Administration Agent is authorised to conduct its activities in Luxembourg by the CSSF. The Administration Agent is supervised by the ACPR as the French National Competent Authority and the AMF for its activities carried out over financial instruments or in financial markets and subject to limited regulation by the CSSF.

The Fund Administration Agreement may be terminated by a written prior notice given three months in advance by either party to the other. HSBC Continental Europe, Luxembourg has also been appointed as Registrar and Transfer Agent of the Company pursuant the Fund Administration Agreement.

Unless the Administration Agent has acted fraudulently, negligently or with wilful default, the Administration Agent shall not be liable to the Management Company, the Company or to any shareholder of the Company for any act or omission in the course of or in connection with the discharge by the Administration Agent of its duties. The Company has agreed to indemnify the Administration Agent or any persons appointed by it from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Administration Agent) which may be imposed on, incurred by or asserted against the Administration Agent in performing its obligations or duties hereunder.

The Administration Agent has no decision-making discretion relating to the Company's investments. The Administration Agent is a service provider of the Company and is not responsible for the preparation of this Prospectus or the activities of the Company and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Company. The Administration Agent is not responsible for any investment decisions of the Company or the effect of such investment decisions on the performance of the Company.

#### *Paying Agent*

HSBC Continental Europe, Luxembourg has been appointed by the Company as Paying Agent.

#### *Corporate and Domiciliary Agent*

ONE corporate has been appointed by the Company as Corporate and Domiciliary Agent.

### **19. CONFLICTS OF INTEREST**

The Management Company, the Investment Manager, the Administration Agent, the Registrar and Transfer Agent and the Depositary may from time to time act as management company, investment manager or adviser, administrator, registrar and transfer agent or depositary bank in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will

respectively endeavour to ensure that such conflicts are resolved fairly. The Management Company will further ensure, that when identifying the types of conflicts of interest, the existence of which may damage the interests of the relevant Sub-Fund, they shall include those types of conflicts of interest that may arise as a result of the integration of Sustainability Risks in its processes, systems and internal controls.

There is no prohibition on the Company entering into any transactions with the Management Company, the Investment Manager, the Administration Agent, the Registrar and Transfer Agent or the Depositary or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and in the best interest of the shareholders. The Investment Manager or any affiliates acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell shares of the Company.

## **20. MEETINGS AND REPORTS**

The annual general meeting of shareholders of the Company (the "Annual General Meeting") is held at the registered office of the Company or such other place as may be specified in the notice of meeting in Luxembourg, at any date and time decided by the Directors but no later than within six months from the end of the Company's previous financial year. The first Annual General Meeting took place on 27 June 2019.

Other general meetings of shareholders will be held at such time and place as are indicated in the notices of such meetings.

Notices of general meetings are given in accordance with Luxembourg Law. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles of Incorporation.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to shares issued and outstanding at a specific date (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

Financial periods of the Company start on 1 January and end on 31 December of each year. The annual report containing the audited financial accounts of the Company expressed in USD in respect of the preceding financial period and with details of each Sub-Fund in the relevant Base Currency is made available at the Company's registered office, at least 8 days before the Annual General Meeting.

The semi-annual reports will be dated as of 30 June, each year. The semi-annual reports will be available at the Company's registered office, at the latest two months after the end of the period to which they relate.

Copies of all reports are available at the registered offices of the Company.



## 21. TAXATION

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### **Taxation of the Company**

#### *Luxembourg*

Under current law and practice, the Company is exempt from Luxembourg corporation taxes and net wealth tax. However, interest, dividend and capital gains received by the Company may be subject to irrecoverable withholding taxes or other taxes in the country where such interest, dividends or gains originate.

#### *Taxe d'abonnement*

The Company is liable to an annual subscription tax (*taxe d'abonnement*). Except if the Sub-Funds can benefit from an exemption or reduced subscription tax, each Sub-Fund is subject to a subscription tax levied at the rate of 0.05% per annum based on its net asset value at the end of the relevant quarter.

#### *Reduction of the taxe d'abonnement for investments in environmentally sustainable activities*

The aforementioned rate of 0.05% per annum may be reduced, to that extent that any Sub-Fund invests in assets, which represent activities qualifying as environmentally sustainable economic activities (“ESG Assets”) according to Article 3 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and amending SFDR (the “Taxonomy Regulation”), as follows:

- 0.04% per annum for a Sub-Fund invested at least 5% of its net assets in ESG Assets;
- 0.03% per annum for a Sub-Fund invested at least 20% of its net assets in ESG Assets;
- 0.02% per annum for a Sub-Fund invested at least 35% of its net assets in ESG Assets;
- 0.01% per annum for a Sub-Fund invested at least 50% of its net assets in ESG Assets.

Transitional rules apply for the calendar year 2021, during which quarterly tax returns shall be filed on the basis of a tax assessed at the rate of 0.05% followed by a final annual return to apply the relevant rate retrospectively.

#### *Reduction of the taxe d'abonnement for Institutional Investors*

A reduced subscription tax of 0.01% per annum is applicable to Sub-Funds or Classes which

are reserved to one or more Institutional Investors. This subscription tax is payable quarterly based on the net asset value as calculated at the end of each quarter.

### *Exemptions*

Exemption from subscription tax apply, notably for the value of assets represented by any units, shares or interest held by the relevant Sub-Fund in other undertakings for collective investment, provided that and for as long as such units, shares or interests have already been subject to a subscription tax payment under any Luxembourg fund legislation requiring the payment of subscription tax, as well as in units, shares of individual compartments or sub-fund thereof.

No ad valorem duty or tax is payable in Luxembourg in connection with the issue of shares by the Company. A fixed registration duty of EUR 75 will be due by the Company upon its incorporation and each amendment of its Articles of Incorporation.

### *People's Republic of China*

#### PRC Corporate Income Tax

Under current PRC Corporate Income Tax Law and regulations, any company considered to be a tax resident of the PRC would be subject to PRC Corporate Income Tax ("CIT") at the rate of 25% on its worldwide taxable income. If a company were considered to be a non-resident enterprise with a "permanent establishment" ("PE") in the PRC, it would be subject to CIT at the rate of 25% on the profits attributable to the PE. The relevant Sub-Fund, together with the Investment Manager, does not intend to operate in a way that would cause the relevant Sub-Fund to be treated as tax resident of the PRC and to have a PE in the PRC, though this cannot be guaranteed. It is possible, however, that the PRC could disagree with such an assessment or that changes in PRC tax law could affect the PRC CIT status of the relevant Sub-Fund.

If the relevant Sub-Fund is a non-PRC tax resident enterprise without PE in the PRC, the PRC-sourced income (including cash dividends, distributions, interest and capital gains) derived by it from any investment in PRC securities would be subject to PRC withholding income tax ("WHT") at the rate of 10%, unless exempt or reduced under the PRC CIT Law or a relevant tax treaty.

#### Taxation in respect of investments in bonds traded in Mainland China

Except for interest income from certain bonds (i.e. government bonds, local government bonds and railway bonds which are entitled to a 100% CIT exemption and 50% CIT exemption respectively in accordance with the Implementation Rules to the Enterprise Income Tax Law and a circular dated 10 March 2016 on Income Tax Policies on Interest Income from Railway Bonds under Caishui [2016] No. 30), interest income derived by non-resident institutional investors from other bonds traded through Bond Connect is PRC-sourced income and should be subject to PRC withholding income tax at a rate of 10% and VAT at a rate of 6%. On 22 November 2018, the Ministry of Finance and State Administration of Taxation jointly issued Circular 108, the circular dated 7 November 2018 on the Taxation Policy of Corporate Income Tax and Value-Added Tax in relation to Bond Investments made by Offshore Institutions in Domestic Bond Market to clarify that foreign institutional investors are temporarily exempt from PRC withholding income tax and VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. Circular 108 is silent on the PRC withholding income tax and VAT treatment with respect to non-

government bond interest derived prior to 7 November 2018, which is subject to clarification from the PRC tax authorities.

Capital gains derived by non-resident institutional investors (with no place or establishment or permanent establishment in the PRC) from the trading of bonds through the Bond Connect are technically non PRC-sourced income under the current CIT law and regulations, therefore, not subject to PRC CIT. While the PRC tax authorities are currently enforcing such non-taxable treatment in practice, there lacks clarity on such non-taxable treatment under the current CIT regulations.

According to Cai Shui [2016] No. 70 ("Circular 70"), the Supplementary Notice of the Ministry of Finance and the State Administration of Taxation on VAT Policies for Interbank Dealings of Financial Institutions, gains derived by foreign institutions approved by PBOC from the investment in the inter-bank RMB markets (including currency market, bond market and derivative market) shall be exempt from VAT.

There is no guarantee that the temporary tax exemption or non-taxable treatment with respect to Mainland China bonds described above will continue to apply, will not be repealed and re-imposed retrospective, or that no new tax regulations and practice in the PRC specifically relating to such programs will not be promulgated in the future. Such uncertainties may operate to the advantage or disadvantage of Shareholders in the relevant Sub-Fund and may result in an increase or decrease in net asset value of the relevant Sub-Fund. For example, to the extent that the PRC tax authority retrospectively imposes taxes on the capital gains realised by the relevant Sub-Fund, the net asset value of the relevant Sub-Fund would be adversely affected but the amount previously paid to a redeeming Shareholder would not be adjusted. As a result, any detriment from such change would be suffered by the remaining Shareholders.

#### Taxation in respect of assets traded via QFII

In respect of trading of assets through QFIIs and pursuant to the circular dated 17 November 2014 on PRC withholding income tax treatment with respect to gains derived by QFIIs from the trading of shares in PRC resident enterprises under Caishui [2014] No. 79, circular dated 23 March 2016 regarding value-added tax ("VAT") pilot arrangements under Caishui [2016] No. 36, circular dated 30 June 2016 on expanded categories of VAT exemption affecting the financial services sector under Caishui [2016] No. 70 and other relevant applicable PRC taxation rules:

- CIT shall be exempt on a temporary basis on capital gains derived from the disposal of shares and other equity investments (including A-Shares) through QFIIs;
- VAT shall be exempt on a temporary basis in respect of gains derived from trading of PRC securities via QFIIs. Consequentially, urban maintenance and construction tax, educational surcharges and local educational surcharges (which are all imposed based on VAT liabilities) are exempt on gains derived from trading of PRC securities via QFIIs; and
- A stamp duty at the rate of 0.1% arising from the sale of China A Shares and the transfer of China A Shares by way of succession and gift in accordance with the prevailing PRC taxation regulations to the seller of China A-Shares.

For avoidance of doubt, gains derived by QFIIs prior to 17 November 2014 shall be subject to CIT in accordance with current tax laws and regulations.

### **Taxation of shareholders**

Under current Luxembourg legislation shareholders are not subject to any capital gains, income or withholding tax in Luxembourg, except for those domiciled, resident or having a permanent establishment in Luxembourg.

### **The Foreign Account Tax Compliance Act (“FATCA”)**

FATCA, a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (“foreign financial institutions” or “FFIs”) to pass information about “Financial Accounts” held by “Specified US Persons”, directly or indirectly, to the US tax authorities, the Internal Revenue Service (“IRS”) on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement (“IGA”) with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the “FATCA Law”) in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes (“FATCA reportable accounts”). Any such information on FATCA reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

The Company intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed-compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Company’s compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Company and the Management Company, in its capacity as the Company’s management company, if applicable, may:

- (a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder’s FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder’s FATCA status;

- (b) report information concerning a shareholder and his account holding in the Company to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- (c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to shareholders with FATCA status of a non-participating foreign financial institution;
- (d) deduct applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- (e) divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

All prospective investors and shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company. If the Company becomes subject to withholding tax as a result of FATCA, the value of shares held by all shareholders may be materially affected.

### **Automatic Exchange of Information**

The OECD has developed a common reporting standard (“CRS”) to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “Euro-CRS Directive”) was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003, as amended (the “Savings Directive”), will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“CRS Law”).

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Company will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Company shall communicate any information to the Investor according to which (i) the Company is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the potential

consequences in case of no response; and (v) the Investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

## **22. LIQUIDATION OF THE COMPANY / TERMINATION AND AMALGAMATION OF SUB-FUNDS**

### *Liquidation of the Company*

With the consent of the shareholders expressed in the manner provided for by Articles 450-3 and 1100-2 of the 1915 Law, the Company may be liquidated. Upon a decision taken by the shareholders of the Company or by the liquidator duly authorised and subject to a one month's prior notice to the shareholders, all assets and liabilities of the Company may be transferred to another UCI having substantially the same characteristics as the Company in exchange for the issue to shareholders in the Company of shares of such corporation or fund proportionate to their shareholdings in the Company.

If at any time the value at their respective net asset values of all outstanding shares falls below two thirds of the minimum capital for the time being prescribed by Luxembourg Law, the Directors must submit the question of dissolution of the Company to a general meeting of shareholders acting, without minimum quorum requirements, by a simple majority decision of the shares represented at the meeting.

If at any time the value at their respective net asset values of all outstanding shares is less than one quarter of the minimum capital for the time being required by Luxembourg Law, the Directors must submit the question of dissolution of the Company to a general meeting, acting without minimum quorum requirements and a decision to dissolve the Company may be taken by the shareholders owning one quarter of the shares represented at the meeting.

Any voluntary liquidation will be carried out in accordance with the provisions of the 2010 Law and the 1915 Law which specify the steps to be taken to enable shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts to the close of liquidation. Amounts not claimed from escrow within the prescription period, which is currently thirty years, would be liable to be forfeited in accordance with the provisions of Luxembourg laws.

### *Liquidation, merger, split or consolidation of Sub-Fund(s)/Classes*

The Directors may decide to liquidate one Sub-Fund and/or Class of shares if the net assets of such Sub-Fund or Class fall below or do not reach an amount determined by the Directors to be the minimum level for such Sub-fund or such Class to be operated in an economically efficient manner, if a change in the economic or political situation relating to the Sub-Fund or Class concerned would justify such liquidation or if the interests of the shareholders would justify it. The decision of the liquidation will be published or notified to the shareholders by the Company as decided from time to time by the Directors, prior to the effective date of the liquidation and the publication/notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board otherwise decides in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund or Class concerned may continue to request redemption or switching of their shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund or Class concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Where the Directors do not have the authority to do so or where the Directors determine that the decision should be put for shareholders' approval, the decision to liquidate a Sub-Fund or Class may be taken at a meeting of shareholders of the Sub-Fund or Class to be liquidated instead of being taken by the Directors. At such Class/Sub-Fund meeting, no quorum shall be required and the decision to liquidate must be approved by shareholders with a simple majority of the votes cast. The decision of the meeting will be notified to the shareholders and/or published by the Company.

Any split or consolidation of a Sub-Fund/Class of shares shall be decided by the Board unless the Board decides to submit the decision for a split/consolidation to a meeting of shareholders of the Sub-Fund (or Class as the case may be) concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

The Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company (the 'new Sub-Fund') and to redesignate the shares of the Classes concerned as shares of the new Sub-Fund. The Board may also decide to allocate the assets of any Sub-Fund to another undertaking for collective investment organised under the provisions of part I of the 2010 Law or under the legislation of a Member State of the European Union, or of the European Economic Area, implementing Directive 2009/65/EC or to a compartment within such other undertaking for collective investment.

The Directors may also decide to submit the decision for a merger to a meeting of shareholders of the Sub-Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Sub-Fund(s) where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of shareholders for which no quorum is required and that may decide with a simple majority of votes cast. In addition the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the shareholders concerned) shall apply.

## **23. DOCUMENTS AVAILABLE FOR INSPECTION, QUERIES AND COMPLAINTS**

### *Documents available for inspection*

The following documents are available for inspection during usual business hours on any Business Day at the registered office of the Company.

- (i) The Articles of Incorporation;
- (ii) The most recent Prospectus;
- (iii) The Remuneration Policy of the Management Company;
- (iv) The Key Investors Information Documents;
- (v) The latest annual and semi-annual reports; and
- (vi) The material agreements.

In addition, copies of the Articles of Incorporation, the most recent Prospectus, the Key Investor Information Documents, the latest financial reports as well as information on the portfolio of the Sub-Funds may be obtained free of charge, on request at the registered office of the Company.

In addition, the Key Investor Information Documents may be obtained in paper form or on any other durable medium agreed between the Company or the intermediary and the investor.

Additional information is made available by the Management Company at its registered office, upon request and/or at the registered office of the Company in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

### *Queries and complaints*

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Company or the Management Company.

### *Amendments to this Prospectus*

The Board may amend the provisions of this Prospectus. In case such amendment would require a prior change of the Articles of Incorporation, the latter would have to be done first. Amendments to the Prospectus would require a prior notice to shareholders as described hereafter, except if such amendments would be limited to updates, clarifications or the correction of typographical errors in which case no notice would be required.

In case no prior change of the Articles of Incorporation would be required:



- where the amendment is determined by the Board, at its sole discretion, not to be material, and subject to what is indicated above, a prior notice of such amendment shall be sent to the shareholders in advance of the change becoming effective; or
- where the amendment is determined by the Board, at its sole discretion, to be material, a prior notice of such amendment shall be sent to the shareholders at least one month in advance of the change becoming effective; during this notice period, investors will have the right to request, without any redemption charge, the redemption of their shares.

#### **24. APPLICABLE LAW**

The Luxembourg District Court is competent for all legal disputes between the shareholders and the Company and Luxembourg law applies. Statements made in this Prospectus are based on the laws and practice in force at the date of this Prospectus in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practices.

## **APPENDICES**

### **APPENDIX 1 GENERAL INVESTMENT RESTRICTIONS**

Each Sub-Fund of the Company, and where a UCITS or UCI comprises more than one compartment, each such compartment, shall be regarded as a separate investment fund for the purposes of this Appendix. The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Company in respect of each Sub-Fund and the currency of denomination of a Sub-Fund subject to the following restrictions:

- I. (1) The Company may invest in:
- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
  - (b) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the European Union which is regulated, operates regularly and open to the public;
  - (c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange of another Eligible State or dealt in on another market in another Eligible State which is regulated, operates regularly and is recognised and open to the public;
  - (d) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue.
  - (e) units of UCITS and/or Other UCI, whether situated in an EU Member State or not, provided that:
    - such Other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
    - the level of protection for unitholders in such Other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;
    - the business of such Other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
    - no more than 10% of the assets of the UCITS or of the Other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or Other UCIs.

- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law;
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
  - the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund(s) may invest according to its/their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company’s initiative.

and/or

- (h) Money Market Instruments other than those dealt in on a Regulated Market and defined in the Glossary, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
  - issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets;
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a

company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under (1) above.
- II. Each Sub-Fund may hold ancillary liquid assets which are limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law or for a period strictly necessary in case of unfavourable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the relevant Sub-Fund and this limit shall only be temporarily breached for a period strictly necessary in exceptionally unfavourable market conditions where the breach is justified having regard to the best interests of the investors.
- III. (a) (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments issued by the same issuing body.
- (ii) The Company may not invest more than 20% of the total net assets of such Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) f) above or 5% of its net assets in other cases.
- (b) Moreover where the Company holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph III. a), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body

- (c) The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- (d) The limit of 10% laid down in sub-paragraph III. a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest. If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net asset value of the Sub-Fund.
- (e) The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III. d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

- (f) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member state of the OECD, Singapore, Hong Kong or any member state of the Group of Twenty including the PRC or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**

- IV. (a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- (b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

Each Sub-Fund may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

The limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), c) and d).

- VI. (a) The Company may acquire units of the UCITS and/or Other UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of UCITS or Other UCI, unless otherwise provided in the Sub-Fund Appendix in relation to a given Sub-Fund.

For the purpose of the application of the investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- (b) The underlying investments held by the UCITS or Other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- (c) When the Company invests in the units of UCITS and/or Other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such UCITS and/or Other UCIs. Furthermore, no management fee may be charged at the level of the Company if such UCITS and/or Other UCIs already charges such management fee. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and Other UCIs in which such Sub-Fund has invested during the relevant period.
- (d) A Sub-Fund may acquire no more than 25% of the units of the same UCITS and/or Other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or Other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

VII. Any Sub-Fund of the Company (hereinafter referred to as a “Feeder Sub-Fund”) may be authorised to invest at least 85% of its assets in the units of a UCITS or portfolio thereof (the “Master UCITS”). A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with II;
- financial derivative instruments, which may be used only for hedging purposes;
- movable and immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with Article 42(3) of the 2010 Law, the Feeder Sub-Fund shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of the first sub-paragraph with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder Sub-Fund investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder Sub-Fund investment into the Master UCITS.

A Sub-Fund of the Company may in addition and to the full extent permitted by applicable laws and regulations but in compliance with the conditions set-forth by applicable laws and regulations, be launched or converted into a Master UCITS in the meaning of Article 77(3) of the 2010 Law.

VIII. A Sub-Fund (the “Investing Sub-Fund”) may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund of the Company (each a “Target Sub-Fund”) without the Company being, subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:

- the Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund; and
- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund (s); and
- the investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) net asset value in UCITS and UCIs; and
- voting rights, if any, attaching to the shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

IX. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in restriction III. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction III.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

- X.
- (a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the total net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only as a temporary basis provided that the purchase of foreign currencies by way of back to back loans remains possible;
  - (b) The Company may not grant loans to or act as guarantor on behalf of third parties.



This restriction shall not prevent the Company from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted securities lending activities that shall not be deemed to constitute the making of a loan.

- (c) The Company may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- (d) The Company may not acquire movable or immovable property.
- (e) The Company may not acquire either precious metals or certificates representing them.

- XI. If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in which the shares are marketed.

During the first six months following its launch, a new Sub-Fund may derogate from restrictions III., IV. and VI. a), b) and c) while ensuring observance of the principle of risk spreading.

- XII. Use of techniques and instruments relating to transferable securities and money market instruments

The Sub-Funds must comply with the requirements of ESMA Guidelines 2014/937 adopted by ESMA concerning ETFs and other UCITS issues as also specified within CSSF Circular 14/592 amending and/or supplementing the existing rules governing OTC derivative instruments, efficient portfolio management techniques and the management of collateral received in the context of such instruments and techniques.

#### A. General

The Company may employ the following techniques and instruments related to Transferable Securities and Money Market Instruments provided that such techniques or instruments are considered by the Directors as economically appropriate to the efficient portfolio management of the Company in accordance with the investment objectives of each Sub-Fund and in accordance with Circular CSSF 14/592 relating to the Guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues ("CSSF Circular 14/592").

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in the Sub-fund specific text in this Prospectus. Such techniques and instruments may be used by any Sub-Fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) Article 11 of the Grand Ducal regulation of 8 February 2008, (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for

collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to in restriction III. above.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund concerned.

In particular, fees and cost may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary will be available in the annual report of the Company.

It is currently not intended that the Company enter into total return swap transactions. Should the Company decide to use such techniques in the future, the Company will update this Prospectus accordingly and will comply with the applicable regulations.

#### B. Securities Lending Transaction

The Company may more specifically enter into securities lending transactions provided that the following rules are complied with in addition to the above-mentioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (ii) The Company may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction.
- (iii) The Company may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

#### C. Repurchase and reverse repurchase transactions

The Company may enter into repurchase agreements that consist of forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Company may further enter into reverse repurchase agreements that

consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions. The Company may also enter into transactions that consist in the purchase/sale of securities with a clause reserving for the counterparty/Company the right to repurchase the securities from the Company/counterparty at a price and term specified by the parties in their contractual arrangements.

The Company's involvement in such transactions is, however, subject to the additional following rules:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Company may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

### XIII. Management of collateral and collateral policy

#### A. General

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, each Sub-Fund concerned may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Company in such case. All assets received by a Sub-Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

#### B. Eligible collateral

Collateral received by the relevant Sub-Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;

- (c) It should 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;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a member state of the OECD, Singapore, Hong Kong or any member state of the Group of Twenty including the PRC or a public international body to which one or more Member States belong. In such event, the relevant Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's net asset value;
- (e) It should be capable of being fully enforced by the relevant Sub-Fund at any time without reference to or approval from the counterparty.

Subject to the abovementioned conditions, collateral received by the Sub-Funds may consist of:

- (f) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (g) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (h) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (i) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- (j) Bonds issued or guaranteed by first class issuers offering adequate liquidity;
- (k) Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

Cash collateral received shall only be:

- placed on deposit with entities prescribed in the 2010 Law;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;

- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

#### *Level of collateral*

Each Sub-Fund will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

With respect to securities lending, the relevant Sub-Fund will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least 100% of the total value of the securities lent. Repurchase agreement and reverse repurchase agreements will generally be collateralised, at any time during the lifetime of the agreement, at a minimum of 100% of their notional amount.

#### *Haircut policy*

The Company will, for the time being, not receive collateral when entering into OTC financial derivative transactions and efficient portfolio management techniques to reduce counterparty risk exposure and the Company will comply with item III a) (ii) of this Appendix I. Should the Company decide to use collateral as a means to reduce counterparty risk exposure, the Company will update this Prospectus accordingly and will comply with CSSF Circular 14/592 relating to the ESMA guidelines on ETFs and other UCITS issues and will disclose its haircut policy in the Prospectus.

## **APPENDIX 2 SUB-FUND APPENDIX**

### **PING AN OF CHINA ASSET MANAGEMENT FUND**

#### **1. Name of the Sub-Fund**

Ping An of China Asset Management Fund – China Green Bond Fund (the “Sub-Fund”)

#### **2. Base Currency**

The Base Currency of the Sub-Fund is the USD.

The Investment Manager will hedge certain Classes which are denominated in a currency which is different from the Base Currency of the Sub-Fund. Such Classes are identified as being hedged in their description under sections 8 and 9 of this appendix. Where such currency hedging is applied, the Investment Manager may, in relation to the Sub-Fund and exclusively for the relevant Class, perform foreign exchange forward transactions, currency futures transactions, currency options transactions and currency swaps, in order to preserve the value of the Class from fluctuations of its currency against the Base Currency of the Sub-Fund. Where such transactions are performed, the effects of this hedging shall be reflected in the Net Asset Value and hence in the performance of the Class. Similarly, any costs due to such hedging transactions shall be borne by the Class in which they were incurred. Such hedging transactions may be performed regardless of whether the currency of the Class rises or falls compared to the Base Currency of the Sub-Fund. Therefore, where such hedging is carried out, it may protect the investor in the corresponding Class against a fall in the value of the Base Currency of the Sub-Fund relative to the currency of the Class, though it may also prevent the investor from profiting from an increase in the value of the Base Currency of the Sub-Fund.

#### **3. Investment objective, strategy and policy**

##### **3.1. Investment objective**

The investment objective of the Sub-Fund is to achieve absolute return from investment income and long term capital appreciation. The Sub-Fund mainly invests in international standard aligned green bonds issued by Greater China issuers with the aim to promote green financing, bring upon advancement in environmental friendly investments and social awareness in this region. In that sense, the Sub-Fund intends to finance via its green bond investments in particular the environmental characteristics described by the UN Social Development Goals (“SDGs”), including but not limited to the SDGs relating to Renewable Energy & Energy Efficiency Projects (SDG 7, 12 and 13), Sustainable Water and Waste Treatment Projects (SDG 6) Clean and Mass Transportation (SDG 8, 9, 11 and 13), Green Buildings (SDG 6, 8, 11 and 13) and Waste Management SDG, 12 and 13). The Sub-Fund thereby promotes mainly environmental and also social characteristics within the meaning of Article 8 of SFDR. In pursuing the aforementioned SDGs, the Sub-Fund has chosen to pursue climate change mitigation and the avoidance of greenhouse gas emissions as one of its key indicators for reporting the impact of its investments, but does not pursue climate change mitigation as an exclusive environmental objective.

**The Sub-Fund promotes environmental and social characteristics within the meaning of article 8 (1) SFDR as further set out in the Annex 1 to this Sub-Fund Appendix.**

### 3.2. Investment strategy

The strategy employed by the Sub-Fund aims to achieve absolute return from investment income and long term capital appreciation from investing primarily in green fixed income instruments which follow green bond principles (“GBP”) of the International Credit Market Association (“ICMA”) predominantly issued by Greater China issuers via the Bond Connect or an QFII channel for exchange traded bonds. The Sub-Fund may also diversify its investment strategy by investing into other global markets that are consistent with the investment objectives. Vigorous credit selection and fundamental analysis will be applied in order to identify opportunities and relative values. Investment grade issuers including the sovereigns, quasi-sovereigns, supranationals, financials as well as corporates will be considered. To provide flexibility to invest in domestic issuers which sometimes do not obtain international ratings, the Sub-Fund is allowed to have up to 40% of its exposure in high yield or unrated instruments (i.e. no rating is available from either Standard & Poor’s, Fitch or Moody’s), with the aim of achieving an overall Sub-Fund’s average rating at investment grade of Standard & Poor’s, Moody’s or Fitch or any equivalent credit rating quality.

Conventional average credit rating methodology or its equivalent approach would be applied in order to come up with the average credit rating of the portfolio. Average rating of each issue will be observed. In the case when rating is unavailable at the issue level, the issuer/guarantor’s rating will be applied.

The Sub-Fund is allowed to invest in bonds issued in both domestic local currencies and major currencies.

The Sub-Fund invests in fixed income instruments which are defined as “eligible green” by Climate Bond Initiatives (CBI) green bond taxonomy and/or any equivalent green classification standard, which could provide in-depth evaluating method and is made in-line with the Green Bond Principles (GBP), with industries specific criteria and on-going independent assessments that is aligned with international green standard. The Investment Manager will further ensure, that any fixed income instrument that the Sub-Fund may invest in as set out above, will only be issued by companies which follow good corporate governance practices as required by Article 8 (1) of SFDR. Any self-declared green bonds which do not fulfil the CBI standard and/or its equivalent may not be included within the investable universe of the Sub-Fund.

### 3.3. Investment policy

In order to achieve its investment objective and strategy, the Sub-Fund shall invest among others in the following assets:

The Sub-Fund may invest in cash, fixed income or floating-rate securities and any other types of securities of public, private or semi-private issuers (including bonds, convertible bonds, debt securities).

The duration of these fixed-income securities in which the Sub-Fund may invest will generally be between 2 and 5 years, but may also be shorter or longer. In the case of floating rate securities, duration will be within 1 year.

There is no restriction concerning the currencies in which these fixed-income or floating-rate securities are denominated. Any currency exposure other than the Base Currency may or may not be hedged.

Fixed-income securities with loss absorption features in which the Sub-Fund may invest include contingent convertible securities (below 20% of its net assets); investment grade asset-backed securities and mortgage-backed securities (below 20% of its net assets).

The Sub-Fund may invest in securities which are either in default or deemed to be at high risk of default as determined by the Investment Manager (“Distressed Securities”) up to 10% of its net assets.

The Sub-Fund may invest in shares or units of UCITS or Other UCIs (including UCITS compliant “exchange traded funds”, so-called “ETF”) up to 10% of its net assets in order to achieve exposure to the asset classes mentioned herein.

Further, the Sub-Fund may use (i) financial derivative instruments, in particular, but not limited to futures and options, for investment purposes, but also for hedging purposes or, in addition (ii) techniques and instruments, in the interest of the efficient management of the portfolio. The overall risk associated with the derivatives must not exceed the total net assets of the Sub-Fund. For the avoidance of doubt, investments by the Sub-Fund in financial derivatives instruments themselves are not subject to the environmental and social characteristics promoted by the Sub-Fund.

The Sub-Fund may invest in liquid assets including money-market instruments and fixed deposits with a term to maturity not exceeding 12 months at credit institutions. There is no restriction concerning the currencies in which these liquid assets are denominated. Any currency exposure other than the Base Currency may or may not be hedged.

Further, the Sub-Fund may invest in unrated (i.e. no rating is available from either Standard & Poor’s, Fitch or Moody’s) and high yield issuers that at the time of acquisition have a credit rating of BB+ and/or below (by Moody’s, Standard & Poor’s, Fitch), or if the Investment Manager otherwise determines notwithstanding a credit rating of above BB+ (by Standard & Poor’s or an equivalent agency), provided that the total exposure is not larger than 40% of the Sub-Fund’s net asset value.

The expected and maximum proportions of the Sub-Fund’s net asset value which may be subject to securities lending transactions, repurchase and/or reverse repurchase transactions and similar OTC transactions are as follows:

	<b>Expected proportion</b>	<b>Maximum proportion</b>
Securities lending transactions	Less than 30%	30%
Repurchase transactions	Less than 30%	40%
Reverse repurchase transactions	Less than 30%	40%
Other	Less than 30%	30%



The Sub-Fund may generally invest in all permissible assets under appendix 1 of this Prospectus.

### **Integration of Sustainability Risks**

As part of its investment decision making process, in line with Article 6 (1) of regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector, as amended (the Sustainable Finance Disclosure Regulation, “**SFDR**”), the Investment Manager (i) takes environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the Sub-Fund into account in its investment decision-making process (“**Sustainability Risks**”) and evaluates them on an ongoing basis.

The occurrence of Sustainability Risks may lead to a (substantial) decline in the financial profile, liquidity, profitability or reputation of the underlying investments of the Sub-Fund and therefore potentially the Sub-Fund itself. Sustainability Risks may have a significant impact on all known risk types and, as a factor, can contribute to the materiality of these risk types.

The Investment Manager will take into account Sustainability Risks, amongst other risks, during its process of evaluating suitable investments in line with the Sub-Fund’s investment policy and will assess any potential material impact any risks and in particular Sustainability Risks may have on the return of the relevant assets the Sub-Fund holds, as well as on the return of the Sub-Fund as a whole. Investors should note that information that the Investment Manager relies on in assessing Sustainability Risks as described above, may be based on company disclosures or third-party information sources that are forward looking statements of intent and not necessarily fact-based or objectively measurable. This lack of uniformity and objective metrics can lead to missed opportunities or miscalculations as to the perceived actual or potential negative impact Sustainability Risks may have on company fundamentals, potentially leading to less attractive investment outcomes.

### **4. Investment Manager**

The Management Company has delegated the investment management of the Sub-Fund to Ping An of China Asset Management (Hong Kong) Company Limited (the “Investment Manager”).

The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund in accordance with the investment objective, strategy and policy of the Sub-Fund, as well as with the investment and borrowing restrictions of the Company and the Sub-Fund.

### **5. Profile of the typical investor**

The Sub-Fund is suitable for investors looking to achieve mid- to long-term capital growth who are prepared to experience higher levels of volatility in pursuit of higher returns. The Sub-Fund may not be appropriate for investors who plan to withdraw their money within the short term.

### **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using the commitment approach.

When calculating global exposure using the commitment approach, netting and hedging arrangements can be taken into account to reduce global exposure. Under CESR 10-788 netting and hedging arrangements are defined as follows:

- **Netting**  
Netting is the combinations of trades on financial derivative instruments and/or security positions which refer to the same underlying asset, irrespective of the contract's due date. Trades on financial derivative instruments and/or security positions are concluded with the sole aim of eliminating the risks linked to positions taken through the other financial derivatives instruments and/or security.
- **Hedging:**  
Hedging refers to combinations of trades on financial derivative instruments and/or security positions which do not necessarily refer to the same underlying asset. Trades on these instruments/positions are concluded with the sole aim of offsetting risks linked to positions taken through other instruments/positions.

## **7. Swing Pricing / Dilution Levy**

In order to counter the effect of dilution in the Sub-Fund, the Investment Manager will apply the following partial swing pricing mechanism. If on any Valuation Day, the aggregate net investor(s) transactions in the Sub-Fund exceed 25% of the net assets of the Sub-Fund, a "dilution levy" of up to 0.05% of the applicable Net Asset Value per share may be charged when shares are redeemed.

## ANNEX 1

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Ping An of China Asset Management Fund – China Green Bond Fund (the “Sub-Fund”)

**Legal entity identifier:** 635400QAZJ5SB9XWGO40

### Environmental and/or social characteristics

#### Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



#### What environmental and/or social characteristics are promoted by this financial product?

*The Sub-Fund intends to finance via its green bond investments in particular the environmental characteristics described by the UN Social Development Goals (“SDGs”), including but not limited to the SDGs relating to Renewable Energy & Energy Efficiency Projects (SDG 7, 12 and 13), Sustainable Water and Waste Treatment Projects (SDG 6) Clean and Mass*

Transportation (SDG 8, 9, 11 and 13), Green Buildings (SDG 6, 8, 11, 13) and Waste Management (SDG, 12 and 13). The Sub-Fund thereby promotes mainly environmental and also social characteristics within the meaning of Article 8 of SFDR. In pursuing the aforementioned SDGs, the Sub-Fund has chosen to pursue climate change mitigation and the avoidance of greenhouse gas emissions as one of its key indicators for reporting the impact of its investments, but does not pursue climate change mitigation as an exclusive environmental objective.

No reference benchmark has been designated for the purpose of attaining the promoted environmental and social characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

<i>Environmental Characteristics</i>	<i>Sustainability Indicators</i>
<i>Renewable Energy &amp; Energy Efficiency Projects</i> <i>(SDG 7,12,13)</i>	<ul style="list-style-type: none"> <li>• <i>Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</i></li> <li>• <i>Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</i></li> <li>• <i>Capacity of renewable energy plant(s) constructed or rehabilitated in MW</i></li> <li>• <i>Measurement metrics:</i></li> </ul> <p><i>Where CO2 emissions figures are reported, the GHG accounting methodology and assumptions adopted by issuers may vary. Depending on their own GHG reporting requirements, some institutions may report Absolute (gross) GHG emissions from the project, alongside the reduced/avoided emissions. Together with baseline emissions for the host country/region, absolute (gross) emissions allow for the calculation of emissions reduced/avoided.</i></p>
<i>Sustainable Water &amp; Waste Water Treatment Projects</i> <i>(SDG 7,12,13)</i>	<p><i>GBP recognized eligible scope includes &amp; measurement metrics:</i></p> <ul style="list-style-type: none"> <li>• <i>Sustainable infrastructure for clean and/or drinking water supply in cubic meter per day before vs after the project</i></li> <li>• <i>Wastewater treated in cubic meter per day</i></li> <li>• <i>Reduction in water consumption/wastage cubic meter per year</i></li> </ul>

	<ul style="list-style-type: none"> <li>• Sustainable urban drainage systems, river training and other forms of flooding mitigation (areas or population benefited)</li> </ul>
<p>Clean and Mass Transportation (SDG 8,9,11 and 13)</p>	<p>Green Bond Principles (“GBP”) of ICMA recognized eligible scope includes:</p> <ul style="list-style-type: none"> <li>• Clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)</li> <li>• Measurement metrics:  Passenger-kilometers (i.e. the transport of one passenger over one kilometer) and/or No. of passenger times per day  Annual GHG emissions reduced/avoided in tCO<sub>2</sub>e p.a. from reduction in fossil fuel car/truck</li> <li>• Reduction of airpollutants: particulate matter (PM), sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)</li> </ul>
<ul style="list-style-type: none"> <li>• Green Buildings (SDG 6, 8, 11, 13)</li> </ul>	<p>GBP recognized eligible scope includes:</p> <ul style="list-style-type: none"> <li>• Green buildings which meet regional,</li> <li>• National or internationally recognized standards or certifications</li> </ul> <p>Measurement metrics:</p> <ul style="list-style-type: none"> <li>• Energy Performance e.g. kilo-watt hours per square meter of Gross Building Area p.a.; and % of energy use reduced/avoided vs local baseline/building code; and, if relevant % of renewable energy (RE) generated on site</li> <li>• Carbon Performance e.g. GHG emission reduced/avoided in tCO<sub>2</sub>e vs local baseline certification level</li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Water Efficiency e.g. % of water reduced/avoided vs local</i></li> <li>• <i>Waste Management e.g. amount p.a. of waste minimized, reused or recycled in % of total waste in tonnes p.a.</i></li> </ul>
<i>Waste Management (SDG 12 and 13)</i>	<ul style="list-style-type: none"> <li>• <i>Measurements mainly around waste prevention, reduction, reuse, recycle.</i></li> <li>• <i>Waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and / or in absolute amount in tonnes p.a.</i></li> <li>• <i>For certain waste management projects that reduce the amount of waste disposed of, it may also be possible to capture GHG emissions from waste management before</i></li> <li>• <i>Energy recovered from waste in GWh</i></li> </ul>

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives***

*A number of investments of the Sub-Fund, ie 40% (fixed income instruments which are defined as “eligible green” by Climate Bond Initiatives (CBI) green bond taxonomy and/or any equivalent green classification standard) qualify as sustainable investments as they do (at least partially) contribute to the environmental objective of climate change mitigation (as certain investments reduce GHG emissions, as of 30 September 2021, 10,452,077 tCO<sub>2</sub>e per year GHG emission reduced or avoided from portfolio companies and as of 30 September 2022, 3,989 GWh power generated per year from portfolio companies in Mainland China, South Korea, Singapore, India, Indonesia, Philippines, Pakistan, etc.).*

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

*The Sub-Fund considers Climate Bonds Initiative’s list of eligible green securities as the investible universe. This aligns the securities to the Climate Bonds Taxonomy of the Climate Bonds Initiative, under which assets are only included if identified to be aligned to the Paris Agreement target of limiting global warming to 2°C or better. Key metrics considered include but are not limited to annual greenhouse gas emissions reduced or avoided, wastewater treated, reduction in water consumption/wastage, water efficiency.*

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

*The Sub-Fund will consider adverse impacts on the above mentioned*

sustainability factors by taking into account if investments are in sectors that are not included in the Climate Bonds Taxonomy or a Taxonomy of equivalent international standard are excluded from the investment universe

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Issuers of Green Bonds deemed to be in violation of the UN Guiding Principles on Business and Human Rights are excluded from the portfolio. The Sub-Fund also seeks to avoid investments in companies involved in controversies related to the OECD Guidelines for Multinational Enterprises and will consider the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_

The Sub-Fund considers principal adverse impacts of its investment decisions on sustainability factors. The Sub-Fund’s avoided GHG emissions has been chosen as one of the key indicators for reporting the impact of the Sub-Fund’s investments. Specifically, the following approach is used:

The definition used in issuers and Sustainability Principles and Objectives (SPO) reports is adopted, which follow the same definitions of Scope 1, 2 and 3 emissions as defined in the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). That is, Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions GHG emissions from Scope 1 and Scope 2, with a uniform metric of tCO<sub>2</sub> equivalent. Scope

3 GHG emissions may be included on a case-by-case basis and only when supported with well-documented data. Whenever applicable, a conservative approach is being taken when reporting the extent to which an initiative avoids GHG emissions. For example, one green bond has fully allocated its proceeds to six renewable projects and one transport project. However, the issuer has disclosed the avoided GHG emissions for the six renewable projects, but not for the transport project. In this instance the disclosed data is used for the Sub-Fund's impact report because it is conservative.



More detail on the consideration of principal adverse impacts will be made available in the Sub-Funds' annual report under article 11 SFDR.

No

### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The strategy employed by the Sub-Fund aims to achieve absolute return from investment income and long term capital appreciation from investing primarily in green fixed income instruments which follow the Green Bond Principles (GBP) of the ICMA predominantly issued by China issuers via the Bond Connect or an QFII channel for exchange traded bonds. The Sub-Fund may also diversify its investment strategy by investing into other Asia and emerging markets with similar objectives. Vigorous credit selection and fundamental analysis will be applied in order to identify opportunities and relative values. Investment grade issuers including the sovereigns, quasi-sovereigns, supranationals, financials as well as corporates will be considered. To provide flexibility to invest in domestic issuers which sometimes do not obtain international ratings, the Sub-Fund is allowed to have up to 40% of its exposure in high yield or unrated instruments, with the aim of achieving an overall Sub-Fund's average rating at investment grade of Standard & Poor's, Moody's or Fitch or any equivalent credit rating quality. Conventional average credit rating methodology or its equivalent approach would be applied in order to come up with the average credit rating of the portfolio. Average rating of each issue will be observed. In the case when rating is unavailable at the issue level, the issuer/guarantor's rating will be applied. The Sub-Fund is allowed to invest in bonds issued in both domestic local currencies and major currencies.

The Sub-Fund invests in fixed income instruments which are defined as "eligible green" by Climate Bond Initiatives (CBI) green bond taxonomy and/or any equivalent green classification standard, which could provide in-depth evaluating method and is made in-line with the GBP, with industries specific criteria and on-going independent assessments that is aligned with international green standard. The Investment Manager will further ensure, that any fixed income instrument that the Sub-Fund may invest in as set out above, will only be issued by companies which follow good corporate governance practices as required by Article 8 (1) of SFDR. Any self-declared green bonds which do not fulfil the CBI standard and/or its equivalent may not be included within the investable universe of the Sub-Fund.



*In order to achieve its investment objective and strategy, the Sub-Fund shall invest among others in the following assets:*

*The Sub-Fund may invest in cash, fixed income or floating-rate securities and any other types of securities of public, private or semi-private issuers (including bonds, convertible bonds, debt securities). The duration of these fixed-income securities in which the Sub-Fund may invest will generally be between 2 and 5 years, but may also be shorter or longer. In the case of floating rate securities, duration will be within 1 year. There is no restriction concerning the currencies in which these fixed-income or floating-rate securities are denominated. Any currency exposure other than the Base Currency may or may not be hedged. Fixed-income securities with loss absorption features in which the Sub-Fund may invest include contingent convertible securities (below 20% of its net assets); investment grade asset-backed securities and mortgage-backed securities (below 20% of its net assets). The Sub-Fund may invest in securities which are either in default or deemed to be at high risk of default as determined by the Investment Manager (“Distressed Securities”) up to 10% of its net assets.*

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

- *The Sub-Fund invests in fixed income instruments which are defined as “eligible green” by Climate Bond Initiatives (CBI) green bond taxonomy and/or any equivalent green classification standard, which could provide in-depth evaluating method and is made in-line with the Green Bond Principles (GBP), with industries specific criteria and on-going independent assessments that is aligned with international green standard. The Investment Manager will further ensure, that any fixed income instrument that the Sub-Fund may invest in as set out above, will only be issued by companies which follow good corporate governance practices as required by Article 8 (1) of SFDR. Any self-declared green bonds which do not fulfil the CBI standard and/or its equivalent may not be included within the investable universe of the Sub-Fund.*

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

*Not applicable*

- ***What is the policy to assess good governance practices of the investee companies?***

*Governance considerations to be taken into account by the Sub-Fund at level of the relevant company issuing green bonds include, but are not limited to, (i) sound management structures (having due regard to the topics of board composition and minority shareholders treatment) (ii) employee relations (taking into account management incentives and the relevant investee companies’ corporate culture) as well as to matters of (iii) remuneration of staff and (iv) tax compliance. For the avoidance of doubt, if any of the green bonds do also qualify as government bonds or sovereign exposures no governance considerations can be taken into account for these.*

**Good governance**  
practices include  
sound management  
structures,  
employee relations,  
remuneration of  
staff and tax  
compliance.



## What is the asset allocation planned for this financial product?

*#1 Aligned with E/S characteristics: a minimum of proportion of investments used to attain the environmental and social characteristics promoted by the Sub-Fund of 70% (excluding derivatives, liquid assets as well as any sovereign exposures).*

*#1A Sustainable: a minimum proportion of sustainable investments of 40%. This category covers sustainable investments with environmental objectives*

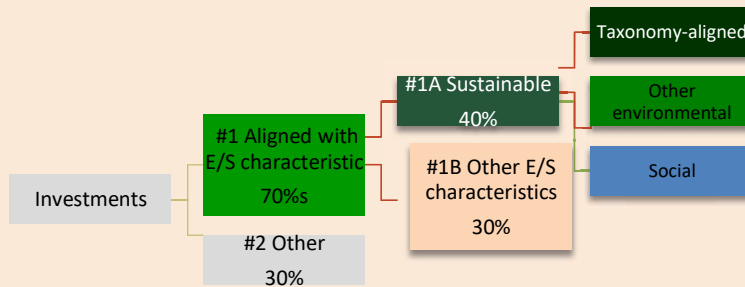
*#1B Other E/S characteristics a minimum proportion of 30%: This category covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.*

*#2 Other: see response below*

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments by investee companies, e a transition to green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



*How does the use of*

**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

*derivatives attain the environmental or social characteristics promoted by the financial product?*

*The Sub-Fund does not use derivatives to attain the environmental or social characteristics promoted by the Sub-Fund.*

To



**what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

*The Sub-Fund does not commit to making a minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy.*

Enabling activities directly enable other activities to make a substantial contribution to an environmental



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐

Yes:

☐

In fossil gas

In

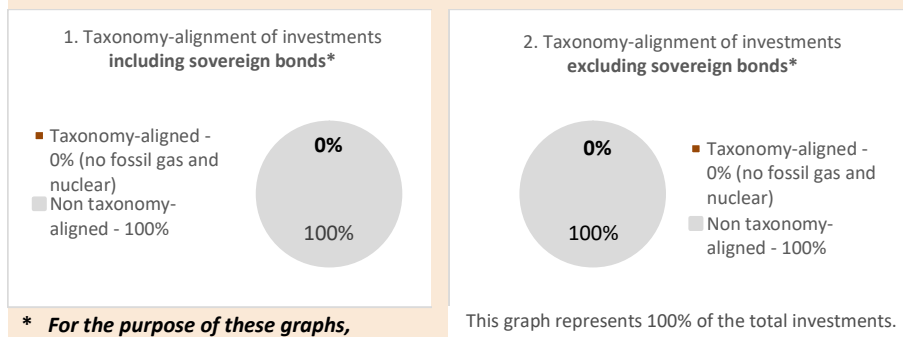
☐

nuclear energy

☒

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



The investments underlying this financial product do not consider the EU criteria for environmentally sustainable economic activities aligned with EU Taxonomy.

What is the minimum share of investments in transitional and enabling activities?  
The Sub-Fund will invest up to 5% of its NAV in transitional and enabling assets.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?  
40%



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under “#2 Other”, what is their purpose and are

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**there any minimum environmental or social safeguards?**

*30% of investments are neither aligned with the stated environmental or social characteristics the Sub-Fund promotes nor do they qualify as sustainable investments. These investments consist of notes or bonds which do not promote the stated environmental and social characteristics as well as cash, cash equivalents, risk-free liquid assets such as United States Treasury securities used for efficient management purposes and derivatives used for hedging purposes. For these investments, there are no minimum environmental or social safeguards.*



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

*Not applicable*

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

*Not applicable*

- ***How does the designated index differ from a relevant broad market index?***

*Not applicable*

- ***Where can the methodology used for the calculation of the designated index be found?***

*Not applicable*



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**  
<https://funds.carnegroup.com/pingan>

**8. Classes of shares available for subscription**

<b>Class of Shares</b>	<b>Currencies</b>	<b>Eligible Investors</b>	<b>Minimum Initial Investment Amount (in 000' USD)</b>	<b>Minimum Holding Amount (in 000' USD)</b>	<b>Minimum Subsequent Investment Amount (in 000'USD)</b>	<b>Minimum Redemption Amount (in 000'USD)</b>
<b>S</b> (Dividend distribution (D) or Capital-accumulation (R))	USD (Unhedged (UH))	Investors that belong to the same group as the Investment Manager	Unlimited	Unlimited	Unlimited	Unlimited
<b>IN</b> (Dividend distribution (D) or Capital-accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Institutional investors only	1000	100	100	100
<b>RE</b> (Dividend distribution (D) or Capital-accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	All investors	10	10	10	10
<b>X</b> (Dividend distribution (D) or Capital-accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Investors having entered into an agreement with the Investment Manager or an affiliate thereof authorizing investment in Class X Shares	10	10	10	10

<b>AX</b> (Dividend distribution (D) or Capital- accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Anchor fund linked note investors	1000	100	100	100
<b>ARE</b> (Dividend distribution (D) or Capital- accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Retail investors through anchor channels	10	10	10	10
<b>AIN</b> (Dividend distribution (D) or Capital- accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Anchor institutional investors	1000	100	100	100
<b>INX</b> (Dividend distribution (D) or Capital- accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Institutional fund linked note investors	1000	100	100	100
<b>AINX</b> (Dividend distribution (D) or Capital- accumulation (R))	USD, EUR, GBP, CNH, HKD (Hedged (H) or Unhedged (UH))	Anchor institutional fund linked investors	1000	100	100	100

## 9. Fees and expenses

No	Currency	Class of Shares	Investment Management Fee	Subscription charge	Redemption charge	Switching charge
1	<b>USD</b> (Unhedged (UH)) (Dividend distribution (D) or Capital-accumulation (R))	S	0%	Up to 5%	0%	0%
		IN	0.5%	Up to 5%	0%	0%
		RE	1.0%	Up to 5%	0%	0%
		X	1.0%	Up to 5%	0%	0%
		AX	0%	Up to 5%	0%	0%
		ARE	0.5%	Up to 5%	0%	0%
		AIN	0.3%	Up to 5%	0%	0%
		INX	0.5%	Up to 5%	0%	0%
		AINX	0.3%	Up to 5%	0%	0%
2	<b>EUR</b> (Hedged (H) or Unhedged (UH)) (Dividend distribution (D) or Capital-accumulation (R))	IN	0.5%	Up to 5%	0%	0%
		RE	1.0%	Up to 5%	0%	0%
		X	1.0%	Up to 5%	0%	0%
		AX	0%	Up to 5%	0%	0%
		ARE	0.5%	Up to 5%	0%	0%
		AIN	0.3%	Up to 5%	0%	0%
		INX	0.5%	Up to 5%	0%	0%
		AINX	0.3%	Up to 5%	0%	0%
3	<b>CNH</b> (Hedged (H) or Unhedged (UH)) (Dividend distribution (D) or Capital-accumulation (R))	IN	0.5%	Up to 5%	0%	0%
		RE	1.0%	Up to 5%	0%	0%
		X	1.0%	Up to 5%	0%	0%
		AX	0%	Up to 5%	0%	0%
		ARE	0.5%	Up to 5%	0%	0%
		AIN	0.3%	Up to 5%	0%	0%
		INX	0.5%	Up to 5%	0%	0%
		AINX	0.3%	Up to 5%	0%	0%
4	<b>GBP</b> (Hedged (H) or Unhedged (UH)) (Dividend distribution (D) or Capital-accumulation (R))	IN	0.5%	Up to 5%	0%	0%
		RE	1.0%	Up to 5%	0%	0%
		X	1.0%	Up to 5%	0%	0%
		AX	0%	Up to 5%	0%	0%
		ARE	0.5%	Up to 5%	0%	0%
		AIN	0.3%	Up to 5%	0%	0%
		INX	0.5%	Up to 5%	0%	0%
		AINX	0.3%	Up to 5%	0%	0%
5	<b>HKD</b> (Hedged (H) or Unhedged (UH)) (Dividend distribution (D) or Capital-accumulation (R))	IN	0.5%	Up to 5%	0%	0%
		RE	1.0%	Up to 5%	0%	0%
		X	1.0%	Up to 5%	0%	0%
		AX	0%	Up to 5%	0%	0%
		ARE	0.5%	Up to 5%	0%	0%
		AIN	0.3%	Up to 5%	0%	0%
		INX	0.5%	Up to 5%	0%	0%
		AINX	0.3%	Up to 5%	0%	0%

## **10. Valuation Day/Net Asset Value calculation**

The Net Asset Value per share of each Class will be calculated on each Business Day (the “Valuation Day”).

## **11. Subscription**

Shares will be issued at a price based on the Net Asset Value per share calculated on the relevant Valuation Day increased, as the case may be, by any applicable subscription charge. For the avoidance of doubt, the Classes of shares (as described further in sections 8 and 9 above) will be available for investors either hedged or unhedged and either with dividend distribution or capital-accumulation features.

Applications must be received by the Registrar and Transfer Agent no later than 9.00 a.m. Luxembourg time on the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day.

Subscription monies must be settled on the fifth (5<sup>th</sup>) Business Day after the Valuation Day on which the relevant shares are subscribed for. The Directors may, at their discretion, waive the minimum investment restrictions pertaining to any Class.

In case an application for subscription is rejected by the Directors, the application monies will immediately be returned to the investor.

Subscription requests have to be made for an amount of shares or/and an amount in cash.

Classes of shares which have not yet been launched will be launched on a date or for a period as shall be specified by the Board at an initial issue price per share of 100 in the currency of the relevant Class or any other price as decided by the Board.

## **12. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per share calculated on the relevant Valuation Day less, as the case may be, any applicable redemption charge, it being clarified that for Class S Shares issued during the initial offer period, no redemption charge shall be applied for the calculation of the redemption price of such Shares.

Applications must be received by the Registrar and Transfer Agent no later than 9.00 a.m. Luxembourg time on the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day.

Settlement of redeemed shares will normally be made in accordance with the instructions given to the Registrar and Transfer Agent no later than five (5) Business Days after the relevant Valuation Day provided that shareholders have provided original settlement details.

## **13. Switching**

Shareholders may not request switching of their shares from one Class to another Class within the Sub-Fund.



Shareholders may request switching of their shares from one Class to the same Class of another Sub-Fund, if any, of the Company.

Applications must be received by the Registrar and Transfer Agent no later than 9.00 a.m. Luxembourg time on the relevant Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day.

Settlement of switched shares will normally be made in accordance with the instructions given to the Registrar and Transfer Agent no later than five (5) Business Days after the relevant Valuation Day.

#### **14. Dividends**

The Directors will declare dividends for the dividend distribution share Classes (as described further in section 9 above) and the dividends will be paid semi-annually.

Capital-accumulation shares (as described further in section 9 above) do not pay any dividends. They accumulate their income so that the income is reflected in the Net Asset Value per share. For the avoidance of doubt, it can be noted that such income may be reinvested.

#### **15. Risk Warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the section “Risk Consideration” in the General Part of the Prospectus.

##### *Emerging Market Risk*

Investments of the Sub-Fund will include investments in emerging market countries. The probable returns on securities of issuers from emerging market countries are generally higher than the returns on similar securities of equivalent issuers from developed, industrialized countries. However, the higher return should be viewed as compensation for the greater risks to which the investor is exposed. The currencies of emerging market countries may experience significant declines against the Base Currency of the Sub-Fund and devaluation may occur subsequent to investments in these currencies by the Sub-Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Investment in emerging market countries involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation, could result in the loss to the Sub-Fund.

By comparison with more developed securities markets, most emerging market countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing, safe custody and registration procedures may be underdeveloped, enhancing the risks of error, fraud or default.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging market countries may not provide the same degree of investor information or protection as would generally apply in more developed markets.

*Asset-Backed Securities (“ABS”) and Mortgage-Backed Securities (“MBS”) Risk.*

The Sub-Fund may have exposure to asset-backed securities (including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralised mortgage obligations and collateralised debt obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other debt securities such as government issued bonds.

ABS and MBS are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets such as residential or commercial mortgages, motor vehicle loans or credit cards.

ABS and MBS are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

*Contingent Capital Securities Risk.*

CoCos are a sub-set of the preferred securities market and have general risk characteristics that are similar to other preferred securities. In addition, CoCos may be subject to an automatic write-down (i.e., the automatic write-down of the principal amount or value of the securities, potentially to zero, and the cancellation of the securities) under certain circumstances, which could result in a Sub-Fund losing a portion or all of its investment in such securities. In addition, the Sub-Fund may not have any rights with respect to repayment of the principal amount of the securities that has not become due or the payment of interest or dividends on such securities for any period from (and including) the interest or dividend payment date falling immediately prior to the occurrence of such automatic write-down. An automatic write-down could also result in a reduced income rate if the dividend or interest payment is based on the security's par value. If a CoCo provides for mandatory conversion of the security into common shares of the issuer under certain circumstances and such conversion event occurs, the Sub-Fund could experience a reduced income rate, potentially to zero, as a result of the issuer's common shares not paying a dividend. In addition, a conversion event would likely be the result of or related to the deterioration of the issuer's financial condition (e.g., such as a decrease in the issuer's capital ratio) and status as a going concern, so the market price of the issuer's common shares received by the Sub-Fund may have declined, perhaps substantially, and may continue to decline, which may adversely affect the net asset value of the Sub-Fund. Further, the issuer's common shares would be subordinate to the issuer's other security classes and therefore worsen the Sub-Fund's standing in a bankruptcy proceeding. It may be difficult to predict when, if at all, an automatic write-down or conversion event will occur. Accordingly, the trading behaviour of CoCos may not follow the trading behaviour of other types of debt and preferred securities. Any indication that an automatic write-down or conversion event may occur can be expected to have a material adverse effect on the market price of the CoCos. CoCos are a relatively new form of security

and the full effects of an automatic write-down or conversion event have not been experienced broadly in the marketplace. The occurrence of an automatic write-down or conversion event may be unpredictable and the potential effects of such event on the Sub-Fund's yield, the net asset value of the Sub-Fund and/or market price may be adverse. In addition, most CoCos are considered to be high yield or "junk" securities and are therefore subject to the risks of investing in below Investment Grade securities. See "Below Investment Grade Securities Risk" herein. Also, investment in CoCos requires the use of internally created and maintained resources such as valuation models and databases of information about CoCos, which are subject to operational risks such as human error, system failures, and other business execution risk. The Sub-Fund seeks to control those operational risks by cross checking data with independent sources when available and by reviewing and making updates to those resources as necessary.

#### *Below Investment Grade Securities Risk.*

Below Investment Grade securities, or equivalent unrated securities, generally involve greater volatility of price and risk of loss of income and principal, and may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher grade securities. It is reasonable to expect that any adverse economic condition could disrupt the market for below Investment Grade securities, have an adverse impact on the value of those securities and adversely affect the ability of the issuers of those securities to repay principal and interest on those securities.

#### *Distressed Securities Risk*

Investments in Distressed Securities may carry a significant risk of becoming illiquid and/or resulting in capital losses. Distressed Securities will only be purchased where the Investment Manager believes that the purchase price is lower than the securities' intrinsic fair value and/or that the securities will be restructured in a manner which would result in an appreciation of its value. It may take a significant amount of time for Distressed Securities to realise the Investment Manager's perceived fair value and/or for any restructure to occur which would be beneficial for the Sub-Fund. However, there can be no assurance that this will occur and the securities may become further distressed, resulting in a negative outcome for the Sub-Fund. In certain circumstances this may result in a full default with no recovery and the Sub-Fund losing its entire investment in the particular security/securities.

#### *Risks associated with investment in bonds traded in Mainland China*

The CIBM and exchange-traded bond markets in China have a limited operating history and are not as developed as those of developed countries. These markets tend to be smaller in size, have less liquidity and historically have had greater volatility than markets in developed countries. The bid and offer spread on bonds traded on the CIBM and exchange-traded bond markets may be high and the Sub-Fund may therefore incur significant trading costs and may suffer losses when selling such investments. In the absence of a regular and active secondary market, the Sub-Fund may not be able to sell its bond holdings at prices or at times the Investment Manager considers advantageous and may need to hold the debt securities until their maturity date. During periods of significant market volatility, the Mainland Chinese government has, from time to time, intervened in its domestic bond markets to a greater degree than would be typical in more developed markets. Bond markets in Mainland China are in the process of change and further development. This may lead to trading volatility, unpredictable trading suspensions, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

### *Risks associated with investment via the Bond Connect*

The Sub-Fund may invest directly in debt securities in Mainland China through the Bond Connect. Investing through Bond Connect is subject to a number of distinct operational and regulatory risks in addition to risks typically associated with investments in emerging market countries, which may affect the Sub-Fund's performance. Bond Connect's order, clearance, and settlement procedures and systems are relatively untested and subject to change, which could pose risks to the Sub-Fund. There can be no assurance that the Bond Connect program will not be restricted, suspended or abolished. Furthermore, the custody arrangements for investments made through Bond Connect may affect the Sub-Fund's ability to enforce its rights as the beneficial owner of these investments.

The Sub-Fund's investments through Bond Connect are also subject to regulatory risks relating to the PRC's securities laws and listing requirements, including the risk that Bond Connect may be discontinued or that certain securities may lose their eligibility to be traded through Bond Connect. Moreover, securities purchased through Bond Connect generally may not be sold, purchased or otherwise transferred other than through Bond Connect in accordance with applicable rules. Additionally, Bond Connect trades are settled in CNY, which may subject the Sub-Fund to foreign currency risks. In addition, there can be no guarantee that the Sub-Fund will have timely access to a reliable supply of CNY in Hong Kong.

Trading through the Bond Connect program is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly (in particular, under extreme market conditions) or will continue to be adapted to changes and developments in the market. In addition, where the Sub-Fund invests in debt securities through the Bond Connect program, it may be subject to risks of delays inherent in the order placing and/or settlement.

### *Risks associated with trading via QFII*

The Sub-Fund invests in assets via an QFII.

QFII status could be suspended, reduced or revoked, which may affect the Sub-Fund's ability to invest in eligible securities, require the Sub-Fund to dispose of such securities and could have an adverse effect on the Sub-Fund's performance.

The laws and regulations governing the establishment and operation of the QFII regime in the PRC (the "QFII Regulations") impose strict restrictions on investments (including rules on investment restrictions and repatriation of profits) that are applicable to the Investment Manager as well as to the investments made by the Sub-Fund. It is uncertain whether a court would protect the Sub-Fund's right to securities held for it by a licensed QFII if the QFII came under legal, financial or political pressure.

Where the Sub-Fund invests in securities in China through a QFII, such securities will be maintained by a custodian bank (the "QFII Custodian") appointed by the QFII in accordance with the QFII Regulations, and the relevant securities will be held through a securities account. Such account may be in the name of the QFII and not in the name of the Sub-Fund, and the assets within such account may be held for and on behalf of clients of the QFII including but not limited to the Sub-Fund. The Sub-Fund may suffer substantial losses if any of the key operators or parties (including the QFII Custodian and broker) is bankrupt, in default and/or

disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Even though the PRC regulators have affirmed their recognition of the concepts of nominee holders and beneficiary owners, these concepts are relatively new in the PRC legal system and remain untested under the QFII scheme. Hence, the assets of the Sub-Fund held within an account may be subject to a risk of being treated as part of the assets of the QFII and be vulnerable to claims by creditors of the QFII in the event of the insolvency of the QFII. In addition, the assets of the Sub-Fund may not be adequately segregated from the assets of other Sub-Funds, funds or clients investing through the QFII. Investors should also note that cash deposited in the cash account of the Sub-Fund with the QFII Custodian will not be segregated but will be a debt owing from the QFII Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFII Custodian.

## **APPENDIX 3 SUB-FUND APPENDIX**

### **PING AN OF CHINA ASSET MANAGEMENT FUND**

#### **1. Name of the Sub-Fund**

Ping An of China Asset Management Fund – China A-shares AI Multi-Factor Fund (the “Sub-Fund”)

#### **2. Base Currency**

The Base Currency of the Sub-Fund is the CNH.

The Investment Manager will hedge certain Classes which are denominated in a currency which is different from the Base Currency of the Sub-Fund. Such Classes are identified as being hedged in their description under sections 8 and 9 of this appendix. Where such currency hedging is applied, the Investment Manager may, in relation to the Sub-Fund and exclusively for the relevant Class, perform foreign exchange forward transactions, currency futures transactions, currency options transactions and currency swaps, in order to preserve the value of the Class from fluctuations of its currency against the Base Currency of the Sub-Fund. Where such transactions are performed, the effects of this hedging shall be reflected in the Net Asset Value and hence in the performance of the Class. Similarly, any costs due to such hedging transactions shall be borne by the Class in which they were incurred. Such hedging transactions may be performed regardless of whether the currency of the Class rises or falls compared to the Base Currency of the Sub-Fund. Therefore, where such hedging is carried out, it may protect the investor in the corresponding Class against a fall in the value of the Base Currency of the Sub-Fund relative to the currency of the Class, though it may also prevent the investor from profiting from an increase in the value of the Base Currency of the Sub-Fund.

#### **3. Investment objective, strategy and policy**

##### **3.1. Investment objective**

The investment objective of the Sub-Fund is to achieve stable excess returns above CSI 300 Total Return Index as the benchmark. The CSI 300 Total Return Index is provided by China Securities Index Co., Ltd, a recognised benchmark administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 32 of the Benchmark Regulation.

As described in section 3.2 below, the investment universe of the Sub-Fund is class A-Shares of companies listed on the Shanghai and Shenzhen Stock Exchanges. CSI 300 Total Return Index is one of most popular indices well regarded by global investors as the standard benchmark to measure the representative performance of this investment universe. It is therefore chosen as the benchmark of the Sub-Fund.

The Sub-Fund is neither an index tracking fund nor a replication of the benchmark. Instead, it is an actively managed fund with a target to outperform the overall performance of the investment universe, which is quantitatively represented and measured by the benchmark. The Investment Manager is not constrained by the benchmark and there is no deviation limit set for Sub-Fund with respect to the benchmark.

### 3.2. Investment strategy

Under normal market circumstances, the Sub-Fund will primarily invest its net assets in class A-Shares of companies issued in the People's Republic of China ("PRC") and listed on the Shanghai and Shenzhen Stock Exchanges ("China A-Shares"). The Sub-Fund may also hold cash, cash equivalent instruments, and money market-type investments.

The Sub-Fund will access China A-Shares through the QFII and the Shanghai – Hong Kong and Shenzhen – Hong Kong Stock Connect Programs ("Stock Connect"). Stock Connect is a securities trading and clearing program between either the Shanghai Stock Exchange ("SSE") or Shenzhen Stock Exchange ("SZSE"), and any of the Stock Exchange of Hong Kong Limited ("SEHK"), China Securities Depository or Clearing Corporation Limited ("ChinaClear") and Hong Kong Securities Clearing Company Limited ("HKSCC"). Stock Connect is designed to permit mutual stock market access between mainland China and Hong Kong by allowing investors to trade and settle shares on each market via their local exchanges. Trading through Stock Connect is subject to daily quotas that limit the maximum daily net purchases on any particular day. Accordingly, the Sub-Fund's direct investments in China A-Shares may be limited by such daily quotas.

The Sub-Fund employs multi-factor models to construct a well-diversified equity portfolio of China A-shares, as well as, to a limited extent, exchange traded funds ("ETFs"), cash, money market instruments and fixed deposits. Advanced artificial intelligence (AI) techniques are applied to the stock selection and portfolio optimization (i.e. maximizing the weighted sum of alpha score of stocks in the portfolio subject to relevant constraints). The optimization parameters are chosen and the ensuing portfolio construction is carried out by the members of the portfolio management team of the Investment Manager.

### 3.3. Investment policy

In order to achieve its investment objective and strategy, the Sub-Fund shall invest among others in onshore China A-shares which are available for trading in Hong Kong through the Stock Connect. The Sub-Fund may invest in ETFs which track the performance of the CSI 300 Total Return Index (below 10% of net assets).

The Sub-Fund may also hold cash, cash equivalent instruments and money-market instruments with a term to maturity not exceeding 12 months at credit institutions. There is no restriction concerning the currencies in which these liquid assets are denominated. Any currency exposure other than the Base Currency may or may not be hedged. The total value of cash, cash equivalent instruments and money-market instruments cannot exceed 25% of net assets.

The Sub-Fund may also invest in shares or units of UCITS or Other UCIs (including UCITS compliant ETFs) up to 10% of its net assets in order to achieve exposure to the asset classes mentioned herein.

Further, the Sub-Fund may use (i) financial derivative instruments, in particular, but not limited to futures and options, for investment purposes, but also for hedging purposes or, in addition (ii) techniques and instruments, in the interest of the efficient management of the portfolio. The overall risk associated with the derivatives must not exceed the total net assets of the Sub-Fund.

The Sub-Fund may generally invest in all permissible assets under appendix 1 of this Prospectus.

## **Integration of Sustainability Risks under SFDR**

As part of its investment decision making process, in line with Article 6 (1) of regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector, as amended (the Sustainable Finance Disclosure Regulation, “**SFDR**”), the Investment Manager takes environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the Sub-Fund into account in its investment decision-making process (“**Sustainability Risks**”) and evaluates them on an ongoing basis.

The occurrence of Sustainability Risks may lead to a (substantial) decline in the financial profile, liquidity, profitability or reputation of the underlying investments of the Sub-Fund and therefore potentially the Sub-Fund itself. Sustainability Risks may have a significant impact on all known risk types and, as a factor, can contribute to the materiality of these risk types.

The Investment Manager will take into account Sustainability Risks, amongst other risks, during its process of evaluating suitable investments in line with the Sub-Fund’s investment policy and will assess any potential material impact any risks and in particular Sustainability Risks may have on the return of the relevant assets the Sub-Fund holds, as well as on the return of the Sub-Fund as a whole. Investors should note that information that the Investment Manager relies on in assessing Sustainability Risks as described above, may be based on company disclosures or third-party information sources that are forward looking statements of intent and not necessarily fact-based or objectively measurable. This lack of uniformity and objective metrics can lead to missed opportunities or miscalculations as to the perceived actual or potential negative impact Sustainability Risks may have on company fundamentals, potentially leading to less attractive investment outcomes.

For more information on how Sustainability Risks are incorporated into the investment decision making process by the Investment Manager and on the possible extent of the impact of sustainability risks on returns for the Sub-Fund, please refer to <http://asset.pingan.com.hk/>.

The Sub-Fund does not promote environmental or social characteristics within the meaning of Article 8 of SFDR nor is it in line with Article 9 of SFDR classified as a sustainable investment (Article 2 (17) of SFDR).

The Management Company does not consider principal adverse impacts on the basis that, in the context of the investment strategy of the Sub-Fund, it is not possible to conduct detailed diligence on the principal adverse impacts of the Investment Manager’s investment decisions on Sustainability Factors (as defined in Article 2 (24) of SFDR).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **4. Investment Manager**

The Management Company has delegated the investment management of the Sub-Fund to Ping An of China Asset Management (Hong Kong) Company Limited (the “Investment Manager”).

The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund in accordance with the investment objective, strategy and policy of the Sub-Fund, as well as with the investment and borrowing restrictions of the Company and the Sub-Fund.



## **5. Profile of the typical investor**

The Sub-Fund is suitable for investors looking to achieve mid- to long-term capital growth who are prepared to experience higher levels of volatility in pursuit of higher returns. The Sub-Fund may not be appropriate for investors who plan to withdraw their money within the short term.

## **6. Global Exposure**

The global exposure relating to this Sub-Fund will be calculated using the commitment approach.

When calculating global exposure using the commitment approach, netting and hedging arrangements can be taken into account to reduce global exposure. Under CESR 10-788 netting and hedging arrangements are defined as follows:

- **Netting**

Netting is the combinations of trades on financial derivative instruments and/or security positions which refer to the same underlying asset, irrespective of the contract's due date. Trades on financial derivative instruments and/or security positions are concluded with the sole aim of eliminating the risks linked to positions taken through the other financial derivatives instruments and/or security.

- **Hedging:**

Hedging refers to combinations of trades on financial derivative instruments and/or security positions which do not necessarily refer to the same underlying asset. Trades on these instruments/positions are concluded with the sole aim of offsetting risks linked to positions taken through other instruments/positions.

## **7. Swing Pricing / Dilution Levy**

In order to counter the effect of dilution in the Sub-Fund, the Investment Manager will apply the following partial swing pricing mechanism. If on any Valuation Day, the aggregate net investor(s) transactions in the Sub-Fund exceed 25% of the net assets of the Sub-Fund, a "dilution levy" of up to 1% of the applicable Net Asset Value per share may be charged when shares are redeemed.

**8. Classes of shares available for subscription**

<b>Class of Shares</b>	<b>Currencies</b>	<b>Currency Hedge</b>	<b>Eligible Investors</b>	<b>Minimum Initial Investment Amount (in 000' USD)</b>	<b>Minimum Holding Amount (in 000' USD)</b>	<b>Minimum Subsequent Investment Amount (in 000' USD)</b>	<b>Minimum Redemption Amount (in 000' USD)</b>
S_CNH	CNH	Unhedged (UH)	Investors that belong to the same group as the Investment Manager	Unlimited	Unlimited	Unlimited	Unlimited
IN_CNH	CNH	Unhedged (UH)	Institutional Investors only	1000	100	100	100
IN_USD	USD	Unhedged (UH)					
IN_EUR	EUR	Unhedged (UH)					
IN_GBP	GBP	Unhedged (UH)					
IN_USD_H	USD	Hedged (H)					
IN_EUR_H	EUR	Hedged (H)					
IN_GBP_H	GBP	Hedged (H)					
RE_CNH	CNH	Unhedged (UH)	All investors	10	5	5	5
RE_USD	USD	Unhedged (UH)					
RE_EUR	EUR	Unhedged (UH)					
RE_GBP	GBP	Unhedged (UH)					



## 9. Fees and expenses

No	Currency	Currency Hedge	Class of Shares	Investment Management Fee	Subscription charge
1	CNH	Unhedged	S_CNH	0%	0%
2	CNH	Unhedged	IN_CNH	0.75%	Up to 5%
3	USD	Unhedged	IN_USD	0.75%	Up to 5%
4	EUR	Unhedged	IN_EUR	0.75%	Up to 5%
5	GBP	Unhedged	IN_GBP	0.75%	Up to 5%
6	USD	Hedged	IN_USD_H	0.75%	Up to 5%
7	EUR	Hedged	IN_EUR_H	0.75%	Up to 5%
8	GBP	Hedged	IN_GBP_H	0.75%	Up to 5%
9	CNH	Unhedged	RE_CNH	1.5%	Up to 5%
10	USD	Unhedged	RE_USD	1.5%	Up to 5%
11	EUR	Unhedged	RE_EUR	1.5%	Up to 5%
12	GBP	Unhedged	RE_GBP	1.5%	Up to 5%
13	USD	Hedged	RE_USD_H	1.5%	Up to 5%
14	EUR	Hedged	RE_EUR_H	1.5%	Up to 5%
15	GBP	Hedged	RE_GBP_H	1.5%	Up to 5%

## 10. Valuation Day/Net Asset Value calculation

The Net Asset Value per share of each Class will be calculated on each Business Day (the “Valuation Day”).

For this Sub-Fund, “Business Day” must be understood as referring to any day on which the banks are fully open for normal business banking in Luxembourg, China and Hong Kong, except any day on which Stock Connect is closed for trading.

## 11. Subscription

### 11.1. Subscriptions during the Initial Offer Period

The initial offer period for each Class will be on a date or for a period as shall be specified by the Board at an initial issue price per share of 100 in the currency of the relevant Class or any other price as decided by the Board, increased, as the case may be, by any applicable subscription charge. The Investment Manager may, at its discretion, waive the subscription charge.

Applications must be received by 12 p.m. (“Midday”) Luxembourg time on the last Business Day of the relevant initial offer period, subject to the Board’s discretion to determine otherwise. The initial offer period may be extended or terminated earlier by the Board acting in its sole discretion, provided that investors will be duly informed of such decision. Payment must be received at the latest on the last Business Day of the relevant initial offer period, subject to the Board’s discretion to determine otherwise, at which point the application will be accepted provided that it complies with the provisions herein. As from the first Business Day following the relevant initial offer period, Shares may be issued and redeemed according to the procedures

described in this Prospectus, except for the Classes that have not been subscribed during the relevant initial offer period, as the latter may be subscribed at the initial issue prices as described above.

For the avoidance of doubt, the Classes of shares (as described further in sections 8 and 9 above) will be available for investors either hedged or unhedged and either with dividend distribution or capital-accumulation features.

#### **11.2. Subscriptions after the Initial Offer Period**

Shares will be issued at a price based on the Net Asset Value per share calculated on the relevant Valuation Day increased, as the case may be, by any applicable subscription charge. The Investment Manager may, at its discretion, waive the subscription charge.

Applications must be received by the Registrar and Transfer Agent no later than 9.00 a.m. Luxembourg time on the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day.

Subscription monies must be settled on the second (2<sup>nd</sup>) Business Day after the Valuation Day on which the relevant shares are subscribed for. The Directors may, at their discretion, waive the minimum investment restrictions pertaining to any Class.

In case an application for subscription is rejected by the Directors, the application monies will immediately be returned to the investor.

Subscription requests have to be made for an amount of shares or/and an amount in cash.

### **12. Redemption**

Shares will be redeemed at a price based on the Net Asset Value per share calculated on the relevant Valuation Day less, as the case may be, any applicable “dilution levy”.

Applications must be received by the Registrar and Transfer Agent no later than 9.00a.m. Luxembourg time on the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day.

Settlement of redeemed shares will normally be made in accordance with the instructions given to the Registrar and Transfer Agent no later than five (5) Business Days after the relevant Valuation Day provided that shareholders have provided original settlement details.

### **13. Switching**

Shareholders may not request switching of their shares from one Class to another Class within the Sub-Fund. The only exception is that switching from Class S\_CNH to Class IN\_CNH within the Sub-Fund may be requested.

Shareholders may request for the end of a month switching of their shares from one Class to the same Class of another Sub-Fund, if any, of the Company.

Applications must be received by the Registrar and Transfer Agent no later than 9.00a.m. Luxembourg time on the last Valuation Day of the relevant month. Any applications received after the applicable deadline will be deemed to be received on the next available Business Day and will thus be dealt with in the following month.

Settlement of switched shares will normally be made in accordance with the instructions given to the Registrar and Transfer Agent no later than two (2) Business Days after the relevant Valuation Day.

#### **14. Dividends**

No dividends will be paid and the shares of this Sub-Fund will be capital-accumulation shares. They will accumulate their income so that the income is reflected in the Net Asset Value per share. For the avoidance of doubt, it can be noted that such income may be reinvested.

#### **15. Risk Warnings**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the section “Risk Consideration” in the General Part of the Prospectus.

##### *Emerging Market Risk*

Investments of the Sub-Fund will include investments in emerging market countries. The probable returns on securities of issuers from emerging market countries are generally higher than the returns on similar securities of equivalent issuers from developed, industrialized countries. However, the higher return should be viewed as compensation for the greater risks to which the investor is exposed. The currencies of emerging market countries may experience significant declines against the Base Currency of the Sub-Fund and devaluation may occur subsequent to investments in these currencies by the Sub-Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Investment in emerging market countries involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation, could result in the loss to the Sub-Fund.

By comparison with more developed securities markets, most emerging market countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing, safe custody and registration procedures may be underdeveloped, enhancing the risks of error, fraud or default.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging market countries may not provide the same degree of investor information or protection as would generally apply in more developed markets.

*Below Investment Grade Securities Risk.*

Below Investment Grade securities, or equivalent unrated securities, generally involve greater volatility of price and risk of loss of income and principal, and may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher grade securities. It is reasonable to expect that any adverse economic condition could disrupt the market for below Investment Grade securities, have an adverse impact on the value of those securities and adversely affect the ability of the issuers of those securities to repay principal and interest on those securities.

*Risk in relation to the use of Stock Connect*

Because the Sub-Fund invests most of its assets in equity securities of companies in the PRC, the primary risk is that the value of the equity securities it holds might decrease in response to the activities of those companies or market and economic conditions. The use of Stock Connect will also subject the Sub-Fund to regulatory change, quota limitations and operational constraints, which may result in increased counterparty risk. In addition, there is the risk that individual securities may not perform as expected or a strategy used by the Investment Manager may fail to produce its intended result. Different investment styles (e.g., growth vs. value, quality bias, market capitalization focus) tend to shift in and out of favor depending on market conditions and investor sentiment, and at times when the investment style used by the Investment Manager for the Sub-Fund is out of favor, the Sub-Fund may underperform other equity funds that use different investment styles. To the extent the Sub-Fund invests a significant portion of its assets in one country (i.e., China), the Sub-Fund will be more vulnerable to the risks of adverse economic or political forces in that country.

*CSI 300 Total Return Index*

All rights in the CSI 300 Total Return Index (“Index”) vest in China Securities Index Company (“CSI”). “CSI 300®” is a trademark of CSI. CSI does not make any warranties, express or implied, regarding the accuracy or completeness of any data related to the Index. CSI is not liable to any person for any error of the Index (whether due to negligence or otherwise), nor shall it be under any obligation to advise any person of any error therein. The Sub-Fund is in no way sponsored, endorsed, sold or promoted by CSI and CSI shall not have any liability with respect thereto.

THE SUB-FUND INVOLVES A HIGH LEVEL OF RISK, AND MAY NOT BE APPROPRIATE FOR EVERYONE. Investors should consider the Sub-Fund only for the more aggressive portion of their portfolio. In addition, the Sub-Fund is intended for investors who can accept the risks entailed in investing in foreign securities. Of course, there can be no assurance that the Sub-Fund will achieve its objective. The Sub-Fund is designed for mid to long-term investors.