Fidelity Selected Funds

Explanatory Memorandum

IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS EXPLANATORY MEMORANDUM, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL FINANCIAL ADVICE.

This Explanatory Memorandum comprises information relating to Fidelity Selected Funds ("**Fund**") and its sub-funds ("**Sub-Funds**"). The Fund is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 7 June 2022 ("**Trust Deed**") between HSBC Institutional Trust Services (Asia) Limited ("**Trustee**") as trustee and FIL Investment Management (Hong Kong) Limited ("**Manager**") as manager.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum and the Product Key Facts Statement of each Sub-Fund, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Explanatory Memorandum or the Product Key Facts Statement(s) misleading. Neither the delivery of this Explanatory Memorandum and the Product Key Facts Statement(s) nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum or the Product Key Facts Statement(s) are correct as of any time subsequent to the date of this Explanatory Memorandum or the Product Key Facts Statement(s). To reflect material changes, this Explanatory Memorandum and the Product Key Facts Statement(s) may from time to time be updated. Intending subscribers should enquire of the Manager as to the issue of any later Explanatory Memorandum and Product Key Facts Statement(s).

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

The Fund and the Sub-Funds have been authorised by the Securities and Futures Commission of Hong Kong (the "**SFC**"). The SFC's authorisation is not a recommendation or endorsement of the Fund and the Sub-Funds nor does it guarantee the commercial merits of the Fund and the Sub-Funds or their performance. It does not mean the Fund and the Sub-Funds are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum or the Product Key Facts Statement(s) in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum or the Product Key Facts Statement(s) may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Receipt of this Explanatory Memorandum or the Product Key Facts Statement(s) do not constitute an offer of Units of the Sub-Fund(s) in those jurisdictions in which it is illegal to make such an offer.

In particular: (a) Units in the Fund have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person; and (b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

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

Furthermore, potential applicants for Units should satisfy themselves as to their power to invest in Units in the Fund and as to the suitability of such investment.

Enquiries and Complaints

For inquiries, out-of-court complaints and redress mechanism, please call the Fidelity Investor Hotline at (852) 2629 2629, or alternatively, write to the Asia Pacific Business Compliance Team, address at Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. The Manager will respond to any complaints and inquiries either by phone or in writing.

January 2024

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A. GLOSSARY

"**Administrator**" means The Hongkong and Shanghai Banking Corporation Limited, in its capacity as the administrator of the Fund and the Sub-Funds.

"**Auditor**" means Deloitte Touche Tohmatsu.

"**Authorised Distributor**" means any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors.

"**Base Currency**" means in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix.

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks in Hong Kong are open for normal banking business, but excluding any day on which tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree or such other day, or means such day as specified in the relevant Appendix.

"**Class**" means any class of Units in issue in relation to a Sub-Fund.

"**Class Currency**" in relation to a Class in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix.

"**Code**" means Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products issued by the SFC, as may be amended from time to time.

"**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 paragraph (a) above;

(c) any member of the group of which that company forms part; or

(d) any director or other officer of that company or of any of its Connected Person as defined in paragraphs (a), (b) or (c) above.

"**Custodian**" means The Hongkong and Shanghai Banking Corporation Limited, in its capacity as the custodian of the Fund and the Sub-Funds.

"**Dealing Day**" means each Business Day, or such other day or days as disclosed in the relevant Appendix or as the Manager may determine upon agreement with the Trustee either generally or in respect of a particular Class or Classes of Units, provided that if the markets in which a majority of the assets of a Sub-Fund are traded are closed on any Business Day, the Manager may determine that such day is not a Dealing Day for Units of the relevant Sub-Fund.

"**Dealing Deadline**" means in relation to any Dealing Day of a Sub-Fund or Class, such time on such Dealing Day or on such other Business Day or day as the Manager may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or Class may from time to time be sold and as specified in the relevant Appendix;

"**FIL Group**" means the family of companies beneficially owned by FIL Limited, with its current address at Pembroke Hall, 42 Crow Lane, Pembroke, Bermuda.

"**Fund**" means Fidelity Selected Funds.

"**Government and other public securities**" means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

"**HKD**" means Hong Kong dollars, the lawful currency of Hong Kong.

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

"**Initial Offer Period**" means in relation to a Sub-Fund or a Class or Classes of Units, such period as the Manager may determine for the purpose of making an initial offer of Units of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable).

“**Initial Offer Price**” means the price per Unit during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable).

“**Investment Delegate**” means an entity that has been delegated the investment management function of all or part of the assets of a Sub-Fund.

“**Mainland China**” means all customs territory of the People’s Republic of China.

“**Manager**” means FIL Investment Management (Hong Kong) Limited.

“**Qualified Exchange Traded Funds**” means exchange traded funds that are: (a) authorised by the SFC under 8.6 or 8.10 of the Code; or (b) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and either (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the Code, or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the Code.

“**Registrar**” means HSBC Institutional Trust Services (Asia) Limited, in its capacity as the registrar of the Fund and the Sub-Funds.

“**Renminbi**” or “**RMB**” means Renminbi, the lawful currency of the People’s Republic of China.

“**Securities Market**” means any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded.

“**Securities and Futures Ordinance**” means the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

“**SFC**” means the Securities and Futures Commission of Hong Kong.

“**Sub-Fund**” means a separate fund in relation to each part of the Fund, which is invested in accordance with separate and distinct investment policies and/or objectives.

”**Transfer Agent**” means The Hongkong and Shanghai Banking Corporation Limited, in its capacity as the transfer agent of the Fund and the Sub-Funds.

“**Trust Deed**” means the trust deed dated 7 June 2022 between the Trustee and the Manager establishing the Fund, as amended and supplemented from time to time.

“**Trustee**” means HSBC Institutional Trust Services (Asia) Limited.

“**Unit**” means one undivided share of the Sub-Fund to which it relates and, except where used in relation to a particular Class of Unit, a reference to Units means and includes Units of all Classes.

“**Unitholder**” means a registered holder of Units.

“**US Person**” has the meaning given to it at page 63.

“**USD**” means US dollars, the lawful currency of the United States of America.

“**Valuation Day**” means each Business Day on which the net asset value of a Sub-Fund and/or the net asset value of a Unit or a Class of Unit falls to be calculated and subject to the Trust Deed, in relation to each Dealing Day of any Sub-Fund or Class or Classes of Units means either such Dealing Day or such other Business Day or day as the Manager may from time to time determine in its absolute discretion, either generally or in relation to a particular Sub-Fund or Class of Units, and as specified in the relevant Appendix.

“**Valuation Point**” means the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Units and as specified in the relevant Appendix.

B. GENERAL DETAILS OF THE FUND

The Fund is an umbrella unit trust constituted by the Trust Deed and governed by Hong Kong law. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

The Manager may create further Sub-Funds in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Fund(s).

Each Sub-Fund is established as a separate trust under the Trust Deed, and the assets of each Sub-Fund will be invested and administered separately from the assets of, and shall not be used to meet liabilities of, the other Sub-Fund(s).

Multiple Classes of Units may be issued in respect of each Sub-Fund and additional Classes of Units for any Sub-Fund(s) may be created in the future. The assets of a Sub-Fund will be invested and administered separately from the assets of the other Sub-Fund(s) issued. The details of the Sub-Fund(s) and/or the new Class or Classes of Units related thereto that are on offer are set out in the Appendices to this Explanatory Memorandum.

Although the assets attributable to each Class of Units of a Sub-Fund will form one single pool, each Class of Units may be denominated in a different currency or may have different charging structure with the result that the net asset value attributable to each Class of Units of a Sub-Fund may differ. In addition, each Class of Units may be subject to different minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and switching amounts. Details of each of current Sub-Fund(s) and/or their respective Class or Classes of Units are set out in the relevant Appendix. Subject to any applicable regulatory requirements and approvals, the Manager may in its sole discretion create further Sub-Funds or determine to issue additional Classes or multiple Classes in relation to each Sub-Fund in the future.

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

Further details regarding each of the Sub-Funds are found in the relevant Appendix.

C. MANAGEMENT AND ADMINISTRATION OF THE FUND

Manager
FIL Investment Management (Hong Kong) Limited
Level 21, Two Pacific Place,
88 Queensway,
Admiralty, Hong Kong

The Manager provides investment management for the Sub-Funds.

The current members of the board of directors of the Manager are Rajeev Mittal, Martin Dropkin, Matthew Hygate, May Li, Matthew Quaife and Chan Yue Yan.

The Manager is a company incorporated in Hong Kong and is licensed by the SFC to carry on regulated activities type 1 – dealing in securities, type 2 – dealing in futures contracts, type 4 – advising on securities, type 5 – advising on futures contracts and type 9 – asset management. The Manager may appoint one or more Investment Delegates and delegate any of its management functions in relation to assets of specific Sub-Funds to such Investment Delegates, subject to any regulatory approval and notification requirements.

The Manager may, with respect to a Sub-Fund, also procure investment advice from FIL Group and/or companies beneficially owned by FMR LLC, while retaining the discretion to make investment decisions.

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

The Trustee is an indirect wholly-owned subsidiary of HSBC Holdings Plc. It is registered as a trust company under the Trustee Ordinance (Cap. 29 of the laws of Hong Kong) and approved by the Mandatory Provident Fund Schemes Authority as trustee of registered mandatory provident fund schemes under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong).

Under the Trust Deed, the Trustee shall take into custody or under its control all the investments, cash or other assets forming part of each Sub-Fund and hold them in trust for the Unitholders of the relevant Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by law, shall register cash and registrable assets in the name of or to the order of the Trustee and deal with such investments, cash or other assets as the Trustee may think proper for the purpose of providing for the safe keeping thereto. The Trustee may, however, appoint any person or persons to be custodian, co-custodian, sub-custodian, delegate, nominee or agent in respect of the whole or any part of the assets of any Sub-Fund.

The Trustee shall (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of agent, nominee, delegate, custodian, co-custodian or sub-custodian which are appointed for the custody and/or safekeeping of any of the Investments, cash, assets or other property comprised in the assets of the Fund or any Sub-Fund (each a "**Correspondent**"); and (b) shall be satisfied that each Correspondent retained remains suitably qualified and competent on an ongoing basis to provide the relevant services to the Fund or any Sub-Fund. The Trustee shall be liable for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee provided however that if the Trustee has discharged its obligations set out in (a) and (b) above, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a Connected Person of the Trustee.

The certificates or other documents relating to the securities held by the Fund will normally be held for the Trustee.

The Trustee is also responsible for the registrar duties of the Fund.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Fund, which is the sole responsibility of the Manager.

The Trustee will not participate in transactions or activities, or make any payments denominated in USD, which, if carried out by a US Person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out below under the section headed "**I. Fees, Charges and Expenses**" and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Fund and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Fund, and they are not responsible for the preparation or issue of this Explanatory Memorandum.

Custodian
The Trustee has appointed The Hongkong and Shanghai Banking Corporation Limited as custodian of the assets of the Fund.

Administrator and Transfer Agent
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited is the Administrator and Transfer Agent of the Fund. The Administrator provides certain financial, accounting, administrative and other services to the Fund. The Administrator also provides the services of the Transfer Agent as set out herein.

Pursuant to the Fund Administration Agreement entered into between the Manager and the Administrator, the Administrator will be responsible, inter alia, for the following matters:

- communicating with Unitholders and maintaining the fund administration account;
- assisting in making available the required data for preparing and maintaining the Fund's financial and accounting records and statements;
- determining the net asset value;
- assisting in preparing the audited financial statements;
- arranging for the provision of accounting, clerical and administrative services; and
- calculating the fees payable by a Sub-Fund of the Fund, including but not limited to the trustee fee, administrator fee, management fee and distribution fee, as more particularly described in the relevant Appendix.

The Administrator is entitled to the fees set out below under the section headed "**Fees, Charges and Expenses**" and to be reimbursed for all costs and expenses in accordance with the provisions of the Fund Administration Agreement.

Authorised Distributor(s)
The Manager may appoint one or more Authorised Distributor(s) who are appropriately licensed in the relevant jurisdictions to distribute Units of one or more Sub-Funds, and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf.

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

Auditor
Deloitte Touche Tohmatsu
35/F One Pacific Place,
88 Queensway,
Admiralty, Hong Kong

D. INVESTMENT CONSIDERATIONS

Investment Objectives and Policies

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

Unitholders will be notified of any changes to the statement of investment policy of a Sub-Fund in accordance with the requirements of the Code.

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

Investment and Borrowing Restrictions

Unless any permission or waiver in respect of any restrictions has been obtained from the SFC and disclosed in the relevant Appendix, or otherwise permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time, each of the Sub-Funds is subject to the investment restrictions and borrowing restrictions set out in the Code. For further details, please refer to Schedule 1 to this Explanatory Memorandum.

Unless otherwise disclosed in the Appendix of a Sub-Fund, the Manager currently does not intend to enter into any securities financing transactions in respect of any Sub-Fund. Securities financing transactions include collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions, each has the same meaning as prescribed to it under the Code.

Breach of Investment and Borrowing Restrictions

If any of the investment and borrowing restrictions applicable to a Sub-Fund are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of Unitholders. However, the Manager is not required to sell investments if any of the above limits are exceeded as a result of changes in the value of any Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the Sub-Fund or realisations of Units.

E. UNIT CLASSES IN ISSUE

The Manager may decide at any time to create within each Sub-Fund different Classes of Units whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, or other specific features may apply according to the characteristics of each Class of Units listed below and in the relevant Sub-Fund's Appendix.

Each Class of Units is represented by a code composed by one indicator (the "**Class Indicator**", such as Class A Units) and one or several sub-indicators defined in the sub-section headed "Distribution policy" below (the "**Class Sub-Indicators**"). Each Class Sub-Indicator represents a specific characteristic and several Class Sub-Indicators may be combined in order to determine the features of a Class of Units.

With respect to a Class of Units denoted as "(hedged)", hedging is used to reduce exposure to currency movements between the Class Currency and the Sub-Fund's investments currencies.

Distribution policy

A Sub-Fund may offer Classes of Units that accumulate income or pay regular distributions out of net distributable income or capital or gross income of such Sub-Fund. Please refer to the table below for further details.

Unit type	Class Sub-Indicator	Dividend payment
Accumulating Units	ACC	No dividends will be paid for accumulating Units. All interest and other income earned on the investment will be accumulated.
Distributing Units	DIS	The Manager expects to recommend distribution of substantially the whole of each Class' respective gross investment income. The Manager may also determine if and to what extent dividends may include distributions from net realised capital gains, as well as from capital. Such distribution however is not fixed and will be reviewed periodically by the Manager according to economic and other circumstances. Dividends are normally declared on the first Business Day of each month. Dividends may also be declared on other dates or other frequencies as determined by the Manager and specified in the relevant Appendix.
Distributing Hedged Units	HDIS	The Manager expects to recommend distribution of substantially the whole of the respective gross investment income for the period. The Manager may also determine if and to what extent dividends may include distributions from net realised capital gains, as well as from capital. Such distributions may include a premium when the interest rate of the hedged currency is higher than the Sub-Fund's Base Currency interest rate. Consequently, when the interest rate of the hedged currency is lower than the Sub-Fund's Base Currency interest rate, the dividend may be discounted. Dividends are normally declared on the first Business Day of each month. Dividends may also be declared on other dates or other frequencies as determined by the Manager and specified in the relevant Appendix.

Please refer to the risk factor "*Risks associated with distribution out of/effectively out of capital*".

Distributions (if any) shall be distributed among the Unitholders of the relevant Classes of Units rateably in accordance with the number of Units held by them on the record date. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared.

The Manager may recommend distribution of dividends out of capital on occasion and at its discretion, or the Manager may recommend distribution of dividends out of gross income while charging all or part of the Sub-Fund's fees and expenses to/out of capital of the Sub-Fund, resulting in an increase in distributable income for the distribution of dividends and therefore, the Sub-Fund may effectively distribute dividend out of capital. Such distribution out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or payment out of dividends effectively out of the Sub-Fund's capital (as the case may be) may result in an immediate decrease of the net asset value per Unit.

Distributions declared may be reinvested in additional Units of the same distributing Class of Units. Dividends to be reinvested are credited to the Transfer Agent who acts on behalf of the Unitholders and invests the amount of the dividends in additional Units of the same distributing Class of Units. Units are issued at the net asset value determined on the date on which distributions are declared. For the avoidance of doubt, no initial charge is payable on these Units. Units issued through this dividend facility are held in a registered account for the investor. Fractions of not less than one-hundredth of a Unit may be issued and the resulting cash fraction remainder (whose value is less than 0.01 of a Unit) is retained in the relevant Sub-Fund for inclusion in subsequent calculations.

Unitholders of registered distributing Units may also elect to receive a distribution payment which will normally be made by electronic bank transfer, net of any bank charges, or by cheque at the risk of the Unitholders (or in such other manner as may be agreed with the Manager). In this case, unless specified otherwise, payment is normally made in the Base Currency or the Class Currency of the relevant Class. If requested, payment may be made in any other major freely convertible currency at the prevailing rate of exchange.

If any distribution payment due to a Unitholder is lower than US$50 (or its equivalent in any other currency) the distribution will be automatically reinvested in further Units of the same Class of Units and not paid directly to the Unitholders of registered Units.

If any distribution remains unclaimed six years after the relevant distribution date, the Unitholder and any person claiming through, under or in trust for the Unitholder forfeits any right to the proceed or distribution, and the amount of the distribution will become part of the relevant Sub-Fund unless such Sub-Fund shall have been terminated in which case such amount shall be paid into a court of competent jurisdiction or paid to any charitable organisation(s) as may be determined by the Manager subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

The Manager may amend the distribution policy. Where required by the SFC or the Code, the Manager will obtain the SFC's prior approval and/or give prior notice to Unitholders of any such amendment.

F. RISK FACTORS

Sub-Fund		Asset Class Specific Risk				Investment Focus/ Style-Related Risks						Specific Instrument Related Risks						
												Mainland China Related		Fixed Income Related			
	General	Equities	Bonds and other Debt Instruments	Real Estate Related	Multi Asset	Investment Concentration	Geographical Concentration	Sector Concentration	Below Investment Grade / Unrated Securities and High Yielding Debt Instruments	Emerging Markets	Eurozone Risk	General	Dim Sum Bond Market	Convertible Bonds, Hybrids and instruments with loss-absorption features	Collateralised and/or Securitised Debt Instruments	Derivatives / Counterparty Risk - General	Additional Risk Factors
Short Duration Quality Income Fund	x		x						x	x		x	x	x	x	x	1,2
Global Target 2033 Fund	x	x	x		x		x		x	x				x		x	3,4,5
Global Target 2038 Fund	x	x	x		x		x		x	x				x		x	3,4,5
Global Target 2043 Fund	x	x	x		x		x		x	x				x		x	3,4,5

Prospective investors should read the entire Explanatory Memorandum and consult with their legal, tax and financial advisors before making any decision to invest in the Sub-Funds. For Sub-Funds which invest in one or more underlying funds, references to the Sub-Fund in this section include the relevant underlying funds (where applicable).

General Risks

1. *Risk to Capital and Income*

   The assets of the Sub-Funds are subject to fluctuations in value and other risks inherent in investing in securities and other financial instruments including the risks outlined below. The value of investments and the income from them may go down as well as up. Therefore, your investment in the Sub-Funds may suffer losses, and you may not get back the original amount invested. Past performance is no guarantee of future performance.

2. *Foreign Currency Risk*

   Some or all of a Sub-Fund's assets may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a Class of Units may be designated in a currency other than the Base Currency of a Sub-Fund. Fluctuations in the exchange rates between these currencies and the Base Currency as well as changes in exchange rate controls may adversely affect the Sub-Fund's net asset value. A Sub-Fund may, or may not, hedge these risks using foreign exchange contracts and the associated risks are explained below in the section on Derivatives/Counterparty Related Risks.

   If a Sub-Fund invests in assets denominated in restricted currencies (i.e. where governments impose controls on the amounts of currency that can be traded) this may be subject to higher volatility due to lower traded volumes and pricing uncertainty. Further, the ability to hedge these risks may be limited as derivative instruments such as forwards or futures may be restricted, overly expensive or unavailable.

3. *Cash and Cash Equivalents*

   A Sub-Fund may hold cash or cash equivalents (e.g. money market funds or instruments). If cash does not form part of the asset allocation of the Sub-Fund, investing in cash may mean that Sub-Fund is not fully participating in the movements of the market(s) on which it focuses. This may affect the performance of the relevant Sub-Fund.

4. *Liquidity*

   In normal market conditions each Sub-Fund's assets comprise mainly realisable investments which can be readily sold. A Sub-Fund's main liability is the realisation of any Units that investors wish to sell. In general each Sub-Fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such realisation. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the net asset value of the relevant Sub-Fund.

5. *Pricing & Valuation*

Each Sub-Fund's assets comprise mainly quoted investments where a valuation price can be obtained from an exchange or similarly verifiable source. However, a Sub-Fund may also invest in unquoted and/or illiquid investments which will increase the risk of mispricing. Further, a Sub-Fund may compute net asset values when some markets are closed for holidays or other reasons. In circumstances described in the section headed "**H. CALCULATION OF NET ASSET VALUE**", the Manager, after consultation with the Trustee, may invoke a process which will determine a fair value price for the relevant investments; this process involves assumptions, uncertainty and subjectivity. If such valuation turns out to be incorrect, this will affect the net asset value calculation of the relevant Sub-Fund.

6. *Counterparty Credit & Settlement*

All security investments are transacted through brokers who have been approved by the Manager as an acceptable counterparty. The list of brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the relevant Sub-Fund, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement does not occur the loss incurred by the relevant Sub-Fund will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced, the absolute value of the contract at the time it is voided.

7. *Custody*

The Sub-Funds' assets are safe kept by the Trustee and the Custodian, this exposes the Sub-Funds to the risk of loss of assets placed in custody as a result of insolvency, negligence or fraudulent trading by the Trustee and the Custodian. The Trustee and the Custodian do not keep all the assets of the Sub-Funds themselves but use a network of third-party delegates. Investors are also exposed to the risk of bankruptcy of the third-party delegates. A Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed. Thus, there may be risks that settlement may be delayed and that cash or securities belonging to the relevant Sub-Fund may be at risk because of failures of or defects in the settlement systems. In particular, market practice may require that payment be made before receipt of the security being purchased or that delivery of a security be made before payment is received. In such cases, default by a broker or bank (the "**counterparty**") through whom the transaction is effected might cause the relevant Sub-Fund to suffer a loss. A Sub-Fund will seek, where possible, to use counterparties with financial status that may reduce such risk of default. However, there can be no certainty that the relevant Sub-Fund will be successful in eliminating this risk, particularly as counterparties operating in some markets may frequently lack the standing or financial resources of those in the most developed countries. There may also be a risk that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise with respect to securities held by or to be transferred to the relevant Sub-Fund.

8. *Cross Unit Class Liabilities*

Although assets and liabilities are clearly attributable to each Class of Units, there is no legal segregation between Classes of Units within a Sub-Fund. This means that if the liabilities of a Class of Units exceed its assets, creditors of such Class may have recourse without restriction to assets which are attributable to the other Classes of Units within the same Sub-Fund. Although the Manager implements appropriate procedures to mitigate this risk of contagion, Unitholders should note that specific transactions may be entered into for a particular Class of Units but result in liabilities for the other Classes of Units within the same Sub-Fund.

9. *Dealing Arrangements*

In certain circumstances set out in the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**" below, the investor's right to realise Units may be suspended or realisation requests may be deferred.

10. *Cyber Events*

Cyber-attacks, disruptions, or failures (collectively: cyber events) that affect the Fund's service providers or counterparties, issuers of securities held by the Fund or other market participants may adversely impact the Fund and its Unitholders, including by causing financial losses or impairing operations. While the Manager has established systems and processes seeking to address cyber events there are inherent limitations as the Fund cannot control the cyber security plans of its counterparties.

11. *Risk associated with Foreign Account Tax Compliance Act ("**FATCA**")*

The Fund intends to fully comply with the legislation and the obligations imposed on it by FATCA and meet its obligation under the inter-governmental agreement ("**IGA**") with the US. However, no assurance can be given that the Fund will be able to fully achieve this and avoid being subject to US withholding taxes. In the event that Hong Kong as a jurisdiction is deemed to not meet its obligations, or if the Fund as a Hong Kong financial institution is deemed by the Hong Kong and/or US government to not be meeting its obligations in the future, the Fund may become subject to additional US withholding taxes, which could materially impact income returns from certain US source securities. In addition, Unitholders may suffer material loss in certain Sub-Funds where US withholding tax is imposed on the capital value of US source securities. Investors should consult their legal, tax and financial advisers to determine their status under the FATCA regime before making any decision to invest in any Sub-Fund.

12. *Hedging Risk*

The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that hedging techniques will achieve their desired result. A Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged and the hedging may become inefficient or ineffective. This may have adverse impact on the relevant Sub-Fund and its investors.

13. Dilution and Swing Pricing Risk

As described in the sub-section "**H. CALCULATION OF NET ASSET VALUE - Price Adjustment Policy (Swing Pricing and Dilution Levy)**" below, large transactions in and out of a Sub-Fund may dilute the Sub-Fund's assets due to dealing and other costs (including, but not limited to, bid-offer spreads, brokerage, taxes and government charges) associated with the trading of underlying securities. The Manager may adjust the issue price or realisation price of a Sub-Fund to attempt to counter the potentially dilutive effects of dealing on the Sub-Fund's assets on any Dealing Day and to mitigate the prejudicial impact on existing Unitholders who are not responsible for the transactions and the associated costs.

Investors should note that the occurrence of large transactions in or out of a Sub-Fund, which in turn triggers a price adjustment, is not predictable. Consequently, it is also not possible to accurately predict how frequent such price adjustments will need to be made. Investors should also be aware that swing pricing may not always, or fully, prevent the dilution of a Sub-Fund's assets. For example in adverse market circumstances when the dealing costs incurred was more than 2% (i.e. the swing pricing limit) of the original issue or realisation price, the additional costs will be absorbed by the Sub-Fund. The determination of price adjustment on a particular day is based on the net cash flow for that day and the level of materiality of dilution arising from this net cash flow. As price adjustment can only be made in one direction on any given day, to recover the material dilution for the Sub-Fund, the adjustments made to the issue price or realisation price may also benefit certain investors relative to other Unitholders in a Sub-Fund as a whole. For instance, an investor subscribing into a Sub-Fund on a day on which the issue price is adjusted downwards as a result of net realisations from the relevant Sub-Fund may benefit from paying a lower issue price in respect of his subscription than he would otherwise have been charged.

14. Early Termination Risk

A Sub-Fund may be terminated in accordance with the Trust Deed. For details, please refer to the section headed "**J. TERMINATION OF THE FUND OR ANY SUB-FUND**" below.

In the event of the termination of a Sub-Fund, the Trustee may decide to issue Units of one or more other Sub-Fund(s) in exchange for Units of the terminating Sub-Fund or sell all the investments and other assets belonging to the terminating Sub-Fund and distribute cash proceeds to Unitholders in accordance with the provisions of the Trust Deed. It is possible that at the time of such realisation or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, and as a result, investors may not be able to recover their investments and suffer a loss when the relevant Sub-Fund is terminated. All normal operating expenses incurred up to the point of termination will be borne by the Sub-Fund.

Any unamortised organisational expenses with regard to the Fund, a Sub-Fund or a Class will be borne by the investors, unless otherwise determined by the Manager.

15. Risks associated with distribution out of/effectively out of capital

In respect of a distributing Class, the Manager may recommend distribution of dividends out of capital or the Manager may recommend distribution of dividends out of gross income while charging all or part of the relevant Sub-Fund's fees and expenses to/out of capital of the relevant Sub-Fund, resulting in an increase in distributable income for the distribution of dividends and therefore, the relevant Sub-Fund may effectively distribute dividend out of capital. Such payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the net asset value per Unit.

The distribution amount and net asset value of the hedged Class may be adversely affected by differences in the interest rates of the Class Currency of the hedged Class and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes.

Asset Class Specific Risks

1. Equities

For Sub-Funds which invest in stocks, the value of those stocks may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events, including changes in investment sentiment, political and issuer-specific factors.

2. Bonds and other Debt Instruments

For Sub-Funds which invest in bonds or other debt instruments, the value of those investments and hence the net asset value of the relevant Sub-Funds will depend on factors including, but not limited to, market interest rates, the credit quality of the issuer, the currency of the investment (when the currency of the investment is other than the Base Currency of the relevant Sub-Fund holding that investment) and liquidity considerations. In general, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

a. Lower Rated/Unrated Securities Risk

The credit quality of debt instruments is often assessed by rating agencies. Certain Sub-Funds may invest in lower-rated and un-rated securities. Lower-rated securities (below investment grade) and un-rated securities may be higher yielding but be subject to wider fluctuations in yield, wider bid-offer spreads, lower liquidity and consequently greater fluctuations in market values and greater risk of loss of principal and interest, than higher-rated (investment grade) securities.

b. Downgrading Risk

The credit rating of debt instruments or their issuers may be downgraded. In the event of such downgrading, the value of the instrument, and hence the relevant Sub-Funds, may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

c. Credit / Default Risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or is otherwise unable to pay interest or principal (i.e. such institutions are in default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest from bond or other debt instrument investments by the issuers of such securities. In both cases the entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as "sub-investment grade".

d. Sovereign Debt Risk

Certain Sub-Funds' investments 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 relevant Sub-Funds to participate in restructuring such debts. The relevant Sub-Funds may suffer significant losses when there is a default of sovereign debt issuers.

e. 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.

f. Valuation Risk

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

3. Real Estate Related

*a. Real Estate Investment Trusts ("**REITs**")*

REITs are exchange-traded entities where the underlying investments are primarily investments in real estate, which are generally less liquid than certain other asset classes such as equities, which may then be reflected in wider bid-offer spreads. Limited liquidity may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate market or other conditions. Heavy cash flow dependency, borrowers' default risk, decline in the credit rating of the REIT and interest rates rise will potentially lead to a decline in the value of the investments.

4. Multi-Asset

Multi-asset Sub-Funds invest in multiple asset classes and can generally vary their exposure to each of them. As well as being subject to the risks inherent in those individual asset classes to a degree that depends on the exposure over time, the overall risk also depends on the correlation of returns between each asset class and hence could be adversely affected by a change in those correlations which could result in higher volatility and/or lower diversification.

Investment Focus/Style Related Risks

1. Investment Concentration

Sub-Funds which invest in a relatively small number of investments or issuers may experience a more volatile net asset value as a result of this concentration of holdings relative to a Sub-Fund that diversifies across a larger number of investments or issuers.

2. *Geographical Concentration*

Sub-Funds which may invest in a single or small number of countries/localities may have greater exposures to the market, political, policy, foreign exchange, liquidity, tax, legal, regulatory, economic and social risks of those countries/localities than a Sub-Fund which diversifies across a number of countries/localities, thereby making the Sub-Fund more susceptible to any adverse events affecting those countries/localities. This may result in lower liquidity of the Sub-Fund's assets and/or a higher volatility of the net asset value than a Sub-Fund that diversifies across more countries/localities.

3. *Sector Concentration*

Sub-Funds which concentrate its investments in a single or small number of sectors may have greater exposures to market, liquidity, tax, legal, regulatory, and economic risks of those sectors than a Sub-Fund which diversifies across a number of sectors, thereby making such Sub-Funds more susceptible to any adverse events affecting those sectors. This may result in lower liquidity of such Sub-Funds' assets and/or a higher volatility of the net asset value than a Sub-Fund that diversifies across more sectors.

4. *Below Investment Grade / Unrated Securities and High Yielding Debt Instruments*

Certain Sub-Funds may invest in below investment grade and high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held may be significantly higher than on lower yielding debt instruments. High yield bonds may be subject to lower liquidity, higher volatility, heightened risk of default and loss of principal and interest than higher-rated/lower yielding debt securities.

5. *Emerging Markets*

Certain Sub-Funds may invest, in part or in whole, in emerging market securities. The price of these securities may be more volatile and/or less liquid than those of securities in more developed markets due to increased risk and special considerations not typically associated with investment in more developed markets. This volatility or lack of liquidity may stem from political and economic uncertainties, legal and taxation risks, settlement risks, transfer of securities, custody risk and currency / currency control factors. Some emerging market economies may be sensitive to world commodity prices and/or volatile inflation rates. Others are especially vulnerable to economic conditions. Although care is taken to understand and manage these risks, the relevant Sub-Funds will ultimately bear the risks associated with investing in these markets.

6. *Eurozone Risk*

The performance of certain Sub-Funds will be closely tied to the economic, political, regulatory, geopolitical, market, currency or other conditions in the Eurozone and could be more volatile than the performance of more geographically diversified Sub-Funds. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the relevant Sub-Funds' investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as the credit downgrade of a sovereign or the exit of European Union members from the Eurozone, may have a negative impact on the value of the relevant Sub-Funds.

Specific Instrument Related Risks

1. *Mainland China Related*

   a. *General*

      i. *Renminbi Currency and Conversion Risks*

RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China (onshore RMB, or CNY), and one outside Mainland China, primarily in Hong Kong (offshore RMB, or CNH). Although CNH and CNY are the same currency, they trade at different rates, and any divergence between CNH and CNY may adversely impact investors. CNY is not freely convertible and is subject to exchange controls and certain requirements by the government of the People's Republic of China ("**PRC government**"), whereas the CNH is freely tradable. Under exceptional circumstances, payment of redemptions may be delayed due to exchange controls and restrictions applicable to RMB.

Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB and/or RMB currency conversion costs incurred could adversely affect the value of an investor's investment in the Sub-Fund. Accordingly, the relevant Sub-Funds may be exposed to greater foreign exchange risks.

ii. Mainland Chinese Assets

Investments in RMB by a Sub-Fund in China A / B Shares or onshore Mainland China fixed income securities and other permissible securities denominated in RMB may be made through any permissible means pursuant to any prevailing regulations, including through the Shanghai-Hong Kong Stock Connect and the Shenzhen - Hong Kong Stock connect programmes (the "**Stock Connect**"), the Bond Connect and any other eligible means. The uncertainty and change of the relevant laws and regulations in Mainland China and the potential for the PRC government and/or the regulators to implement policies that may affect the financial markets may have an adverse impact on such a Sub-Fund.

High market volatility and potential settlement difficulties in the Mainland Chinese markets may also result in significant fluctuations in the prices of the securities traded on such markets. Besides, securities exchanges in the Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. All these may have a negative impact on the net asset value of the relevant Sub-Funds.

iii. Stock Connect

Certain Sub-Funds may invest and have direct access to certain eligible China A Shares via the Stock Connect, a securities trading and clearing linked program which aims to achieve mutual stock market access between Mainland China and Hong Kong.

Under the Stock Connect, overseas investors (including the Sub-Funds) may be allowed, subject to rules and regulations issued / amended from time to time, to trade China A Shares listed on the Shanghai Stock Exchange ("**SSE**") or Shenzhen Stock Exchange ("**SZSE**") through the Northbound Trading Link.

Investments through the Stock Connect are subject to risks, such as quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A Shares and regulatory risk. The Stock Exchange of Hong Kong Limited ("**SEHK**"), SZSE and SSE reserve the right to suspend trading through Stock Connect if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Sub-Funds' ability to access the Mainland Chinese market. Where a suspension in the trading through the programme is effected, the relevant Sub-Fund's ability to invest in China A Shares or access the Mainland Chinese market through the programme will be adversely affected. Regulations of the People's Republic of China require that before an investor sells any share, there should be sufficient shares in the account (front-end monitoring); otherwise the relevant Mainland Chinese stock exchange will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. Furthermore, the Stock Connect only operates on days when both the Mainland Chinese and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland Chinese market but Hong Kong investors (such as the Sub-Funds) cannot carry out any China A Shares trading. The relevant Sub-Funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the Mainland China and Hong Kong. Furthermore, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The relevant Sub-Funds which may invest in the Mainland Chinese markets through Stock Connect may be adversely affected as a result of such changes.

iv. Mainland China Tax Risk

There are risks and uncertainties associated with the current tax laws, regulations and practice of the People's Republic of China in respect of capital gains and dividends/interest on a Sub-Fund's investments in Mainland China (which may have retrospective effect). Any increased tax liabilities on a Sub-Fund may adversely affect the Sub-Fund's value.

Based on professional and independent tax advice, currently:

- No provision is being made by any of the Sub-Funds (A) for tax on capital gains on disposals of (i) China A Shares and B Shares, or (ii) Mainland China fixed income securities listed or traded on exchanges or the China interbank bond market, or (B) for tax on interest on onshore Mainland China fixed income securities, or (C) for tax on dividends, if any, received on China A-Shares (including those acquired through Stock Connect), China B-Shares and China H-Shares . However, investors should note that certain tax liabilities (if any) may be deducted at source. Also, any actual tax liabilities incurred will be debited from the relevant Sub-Fund's assets, and may adversely affect the Sub-Fund's net asset value.

- Although no tax provision under current situation, the situation will be under review and after taking professional and independent tax advice, the Manager may make tax provision going forward where appropriate. Whilst the Manager reviews the tax provisioning policy on an on-going basis, investors should note that, even if tax provision is made, any shortfall between the provision and the actual tax liabilities will be debited from the relevant Sub-Fund's assets, and 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).

v. *Volatility and liquidity risk associated with Mainland China debt securities*

The debt securities in Mainland China 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 funds investing in Mainland China debt securities may incur significant trading costs.

vi. *Risks associated with CIBM and Bond Connect*

The China interbank bond market ("**CIBM**") is the over-the-counter market for bonds issued and traded in Mainland China via means including the Bond Connect.

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for 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 ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Market volatility and 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 investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the CIBM, 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.

For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the Sub-Fund's ability to trade the CIBM bonds will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

When there is any failure or disruption of the trading platform and/or operational systems of the Bond Connect, the relevant Sub-Fund's ability to trade CIBM bonds (and hence the pursuit of its investment objective) will be adversely affected.

vii. *Risks associated with the Beijing Stock Exchange, the ChiNext market and/or the Science and Technology Innovation Board ("**STAR Board**")*

A Sub-Fund may have exposure to stocks listed on the Beijing Stock Exchange, the ChiNext market of the SZSE and the STAR Board of the SSE.

Higher fluctuation on stock prices and liquidity risk: Listed companies on the Beijing Stock Exchange, the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on the Beijing Stock Exchange, ChiNext market and 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 the Beijing Stock Exchange, ChiNext market and 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 boards of the SZSE and/or the SSE.

Overvaluation Risk: Stocks listed on the Beijing Stock Exchange, 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.

Differences in regulation: The rules and regulations regarding companies listed on the Beijing Stock Exchange, ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards of the SZSE and/or the SSE.

Delisting risk: It may be more common and faster for companies listed on the Beijing Stock Exchange, ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the relevant Sub-Fund if the companies that it invests in are delisted.

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

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

*viii. Qualified Foreign Investor ("**QFI**") Risk*

Some Sub-Funds may invest in securities issued within Mainland China through the QFI status of the Manager or its affiliate.

The relevant Sub-Funds' abilities to make the relevant investments or to fully implement or pursue their respective investment objectives and strategies are subject to the applicable laws, rules and regulations (including restrictions on investments, minimum investment holding periods and requirements on repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

The relevant Sub-Funds may suffer substantial losses if the approval of the QFI status is revoked/terminated or otherwise invalidated as the relevant Sub-Funds may be required to dispose of their securities holdings or prohibited from trading of relevant securities and repatriation of the relevant Sub-Funds' monies, or if any of the key operators or parties (including QFI custodian(s)/broker(s)) 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).

b. Dim Sum Bond Market

Some Sub-Funds may invest in "Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in RMB). The "Dim Sum" bond market is a relatively small market. As with some global fixed income markets, it may be more susceptible to volatility and illiquidity, and should there be any new rules which limit or restrict the ability of issuers to raise RMB (offshore CNH) funding by way of bond issuance and / or reversal or suspension of the liberalization of the CNH market by the relevant regulator(s), the operation of the "Dim Sum" bond market and new issuances could be disrupted and potentially cause a fall in the net asset value of the relevant Sub-Fund.

c. Risk associated with Urban Investment Bonds

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

2. Fixed Income Related

a. Risks of investing in Convertible Bonds and in Hybrids

Convertible bonds are typically debt instruments that pay interest rates or coupons and may be converted by the holder within a specified period of time into the reference equity at a specified conversion price. As such, convertible bonds will be exposed to greater volatility than straight bond investments. The value of convertible bonds may rise and fall with the market value of the reference equity or, like a straight bond investment, vary with changes in interest rates and the credit quality of the issuer. A convertible bond tends to perform more like a stock when the reference equity price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a straight bond investment when the reference equity price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible bond is not as sensitive to interest rate changes as a comparable straight bond investment, and generally has less potential for gain or loss than the reference equity.

Hybrid securities, which generally do not include convertible bonds, also combine both equity and debt characteristics. Hybrids are subordinated instruments that have more equity-like features. Typically, hybrids include long final maturity (or no limitation on maturity - 'perpetual') and have a call schedule (i.e. a series of call dates on which the issuer can redeem the hybrid at specific prices), thereby increasing reinvestment risk, which is the risk that a hybrid's future cash flows will have to be reinvested at a lower Interest rate. Hybrids also typically have the ability to defer coupon or interest payments without defaulting. Their subordination typically lies somewhere in the capital structure between equity and other subordinated debt, i.e. such securities will be the most junior securities above equity. As such, as well as typical 'bond' risk factors, hybrids also convey such risks as the deferral of interest payments, equity market volatility and illiquidity. Some sources of additional risk associated with hybrids are set forth below:

Coupon Cancellation: Coupon payments on some hybrids are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on such securities may not amount to an event of default. Cancelled payments do not accumulate and are instead written off. Holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Call Extension Risk: Some hybrids are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual instrument will be called on call date. The investor may not receive return of principal as expected on call date or indeed at any date.

b. *Risks of investing in instruments with loss-absorption features*

Sub-Funds may invest in instruments with loss-absorption features. Those features have been designed to meet specific regulatory requirements imposed on financial institutions and typically include terms and conditions specifying the instrument is subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of the following: (a) when a financial institution is near or at the point of non-viability; or (b) when the capital ratio of a financial institution falls to a specified level.

Debt instruments with loss-absorption features are subject to greater capital 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 pre-defined trigger events (such as those disclosed in the preceding paragraph). Such trigger events are likely to be outside of the issuer's control and 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.

Sub-Funds may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The Sub-Funds may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss principal invested.

3. *Collateralised and/or Securitised Debt Instruments*

The Sub-Funds may invest in collateralised and/or securitised debt instruments (collectively referred to as structured products). Such instruments include asset-backed securities, mortgage-backed securities, collateralised debt instruments and collateralised loan obligations. Structured products provide exposure, synthetically or otherwise, to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such products involve multiple instruments and cash flow profiles such that it may not be possible to accurately predict the impact on valuation from a given market scenario. The price of such an investment may be prone to substantial price volatility as a result of sensitivity to changes in the underlying assets of the structured instrument which can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Some structured products may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition, structured products may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. Lack of liquidity may also cause the current market price of assets to become disconnected from the underlying assets' value. In addition, such products are often exposed to extension risks (the risk of increased longevity due to lower-than-expected paydowns) and prepayment risks (the risk of reinvesting at lower rates due to higher-than-expected paydowns) and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of such products.

Derivatives/Counterparty Related Risks

1. *General*

The Sub-Funds may use financial derivative instruments ("**FDIs**") subject to the requirements under the Code.

Investors may wish to consult their independent financial adviser about the suitability of a particular Sub-Fund for their investment needs bearing in mind its powers with regard to the use of derivatives.

While the judicious use of derivative instruments by experienced investment advisers such as the Manager can be beneficial, derivative instruments also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments.

a. Valuation

Some derivative instruments, in particular over-the-counter ("**OTC**") derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC instruments involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the relevant Sub-Funds.

b. Liquidity

Liquidity risk exists when a particular instrument is difficult to purchase or sell at a given valuation. If a derivative instrument transaction is particularly large or if the relevant market is illiquid (as can be the case with OTC derivative instruments), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

c. Basis

Basis risk is the risk of loss due to divergence between two rates or prices. Derivative instruments do not always perfectly or even highly correlate with the assets, rates or indices they are designed to track. Consequently, the relevant Sub-Funds' use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering the relevant Sub Funds' investment objective. This applies particularly where an underlying position is hedged through derivative contracts which may be similar to (but are not the same as) the underlying position.

d. Leverage

The use of derivatives may give rise to a form of leverage, which may cause the net asset value of the relevant Sub-Funds to be more volatile and/or change by greater amounts than if they had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the relevant Sub-Funds' portfolio securities and other instruments. The leverage element of a derivative can result in a loss significantly greater than the amount invested in the derivatives by the relevant Sub-Funds. Exposure to derivatives may lead to a high risk of significant loss by the relevant Sub-Funds.

e. Counterparty Credit

This is the risk that a loss may be sustained by a Sub-Fund as a result of the failure of the other party to a derivative instrument (usually referred to as a "**counterparty**") to comply with the terms of the derivative instrument contract. The counterparty credit risk for exchange-traded derivative instruments is generally less than for OTC derivative instruments, since the clearing firm, which is the issuer or counterparty to each exchange-traded derivative instrument, provides a guarantee of clearing. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing firm in order to reduce overall counterparty credit risk. Assets deposited as margin with the brokers and/or exchanges may not be held in segregated accounts by these counterparties and may therefore become available to the creditors of such counterparties in the event of default by them. For OTC derivative instruments, there is no similar clearing firm guarantee. Therefore, the Manager adopts a counterparty risk management framework which measures, monitors and manages counterparty credit risk, taking into account both current and potential future credit exposure, through the use of internal credit assessments and external credit agency ratings. OTC derivative instruments are not standardised. They are agreements between two parties and can therefore be tailored to the requirements of the parties involved. The documentation risk is reduced by adhering to standard International Swaps and Derivatives Association ("**ISDA**") documentation.

A Sub-Fund's exposure to an individual counterparty shall not exceed 10% of the relevant Sub-Fund's net asset value. Counterparty credit risk may be further mitigated through the use of collateral agreements. However, collateral arrangements are still subject to the insolvency risk and credit risk of the issuers or depositary of the collateral.

Further, collateral thresholds exist below which collateral is not called for and timing differences between calculating the need for collateral and its receipt by the relevant Sub-Fund from the counterparty both mean that not all the current exposure will be collateralised.

f. Settlement

Settlement risk exists when derivatives are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs that would otherwise not be experienced. If settlement never occurs the loss incurred by the relevant Sub-Fund will be the same as it is for any other such situation involving a security namely the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided.

g. Legal

Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC derivatives, a standard ISDA agreement is used to govern the trade between a Sub-Fund and the counterparty. The agreement covers situations such as a default of either party and also the delivery and receipt of collateral. As a result, there is a risk of loss to the relevant Sub-Fund where liabilities in those agreements are challenged in a court of law.

2. Specific Derivative Instruments

For Sub-Funds using one or a combination of the following instruments the following risks should be considered, as applicable:

Credit Default Swaps ("**CDS**")	The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk. Collateral is arranged to mitigate this risk. The documentation risk for CDS is reduced by adhering to standard ISDA documentation. The liquidity of a CDS may be worse than the liquidity of the underlying security or securities in the basket and this may adversely affect the ability to close out a CDS position or the price at which such a close out is transacted.
Foreign Exchange Forward Contracts	To the extent that such contracts are used to hedge foreign (non-base) currency exposures back to the Base Currency of the relevant Sub-Fund, there is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged. Since the gross amounts of the contract are exchanged on the specified date, there is a risk that if the counterparty with whom the contract has been agreed goes into default between the time of payment by the relevant Sub-Fund but before receipt by the relevant Sub-Fund of the amount due from the counterparty, then the relevant Sub-Fund will be exposed to the counterparty credit risk of the amount not received and the entire principal of a transaction could be lost.
Forward Contracts and Contracts for Difference	The main risk to the buyer or seller of such contracts is the change in value of the underlying security. When the value of the underlying security changes, the value of the contract becomes positive or negative. Further, the two parties must bear each other's credit risk, which is not the case with a futures contract and collateral is arranged to mitigate this risk. Also, since these contracts are not exchange traded, there is no marked-to-market margin requirement, which allows a buyer to avoid almost all capital outflow initially.
Futures	Changes in value of the underlying reference index/security/contract/bond will affect the value of an exchange trade future, thus affecting the value of the relevant Sub-Fund.
Inflation Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the two legs of the transaction, one of which will be an inflation benchmark. This is an agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Interest Rate Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the fixed and floating legs. An interest rate swap is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Put/Call Options and Warrants	The most significant contributor to market risk resulting from options is the market risk associated with the underlying when the option has an intrinsic value (i.e. it is "in-the-money"), or the strike price is near the price of the underlying ("near-the-money"). In these circumstances the change in value of the underlying will have a significant influence on the change in value of the option. The other variables will also have an influence, which will likely to be greater the further away the strike price is from the price of the underlying.
Swaptions	A swaption comprises risks associated with interest rate swaps and option contracts. A swaption is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is exchanged to mitigate this risk.
Total Return Swaps (**TRS**)	These contracts may be less liquid than interest rate swaps as there is no standardisation of the underlying reference benchmark and this may adversely affect the ability to close out a TRS position or the price at which such a close out is transacted. The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk and collateral is arranged to mitigate this risk. The documentation risk for TRS is reduced by adhering to standard ISDA documentation.

Additional Risks

1. *Income-producing securities*

   Although a Sub-Fund will generally invest in income-producing securities, it is not guaranteed that all underlying investments will generate income. To the extent that underlying investments of the Sub-Fund are income producing, higher yields generally mean that there will be:

   (i) reduced potential for capital appreciation for equity securities; and

   (ii) increased potential for capital appreciation and/or depreciation for fixed income securities.

2. *Collateral Management and Re-investment of Cash Collateral*

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

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

   Where cash collateral received by a Sub-Fund is re-invested, the relevant Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. The relevant Sub-Fund will also be exposed to market risk in respect of any such investments and may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made. A decline in the value of investment of the cash collateral would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the counterparty. The relevant Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the relevant Sub-Fund.

3. *Asset Allocation - Target Date Risk*

   Certain Sub-Funds allocate capital to asset classes where the weights change according to a pre-determined schedule up to a specific target year. As a Sub-Fund moves closer to its target year, it generally allocates more capital to assets with a lower expected risk and return profile. The performance of the Sub-Fund is dependent on the success of the asset allocation strategy employed by the Sub-Fund and there is a risk that losses will be realised as the asset allocation changes. This target year asset allocation strategy may not achieve the desired results under all circumstances and market conditions.

   The investments of certain Sub-Funds may be periodically rebalanced in accordance with their respective target date asset allocation strategies and therefore such Sub-Funds may incur greater transaction costs than a fund with a static allocation strategy.

   Certain Sub-Funds may be precluded from fully capturing the upside in rising markets from their equity exposure during the de-risking process (during which the Sub-Funds' exposure to equities will be gradually reduced), and may underperform funds not adopting the de-risking process during times of rising equity markets.

   There is no guarantee that the Sub-Funds will closely align with the investment horizon of all investors, and so investors may suffer loss at or after the target date. It is important to note that a Sub-Fund should not be selected based solely on age or retirement date. If investors had not accurately selected a Sub-Fund that most closely aligns with their investment horizon, there will be a risk of potential mismatch between their investment horizon and the Sub-Fund's investment horizon. There is no guarantee that investors will receive the principal invested at the target year.

4. *Risks of investing in other collective investment schemes/funds*

   Certain Sub-Funds may invest in other underlying schemes and will be subject to the risks associated with the underlying schemes. The relevant Sub-Funds do not have control of the investments of the underlying schemes and there is no assurance that the investment objective and strategy of the underlying schemes will be successfully achieved which may have a negative impact on the net asset value of the relevant Sub-Funds. The underlying schemes in which the relevant Sub-Funds may invest may not be regulated by the SFC. There may be additional costs involved when investing in these underlying schemes. There is also no guarantee that the underlying schemes will always have sufficient liquidity to meet the relevant Sub-Funds' redemption requests as and when made. Additionally, under extreme market conditions, the investment of certain Sub-Funds may be more heavily concentrated in a few underlying schemes, thus subjecting the Sub-Funds to greater risks as outlined above in relation to investment in other collective investment schemes/funds outlined above.

   The underlying schemes invested by certain Sub-Funds may be passively managed and the managers of such underlying schemes will not have the discretion to adapt to market changes due to their passive investment nature. Falls in the index tracked by an underlying scheme are expected to result in corresponding falls in the value of the underlying scheme. Such underlying schemes may also be subject to tracking error risk, whereby there is no assurance of exact or identical replication at any time of the performance of the relevant index by an underlying scheme, as tracking error may result from the investment strategy used, and fees and expenses.

5. *Risks of investing in exchange traded funds (ETFs)*

The trading prices of units/shares in an ETF are driven by market factors such as the demand and supply for such units/shares, and such units/shares may therefore trade at a substantial premium or discount to their net asset value. In addition, as ETF investors normally pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units/shares on an exchange, the relevant Sub-Funds may pay more than the net asset value per unit/share when buying on an exchange, and may receive less than the net asset value per unit/share when selling on an exchange. Furthermore, as the relevant exchanges may be open when units/shares in an ETF are not priced, the value of the underlying investments in the ETF's portfolio may change on days when certain Sub-Funds may not be able to purchase or sell units/shares in such ETF. Differences in trading hours between relevant stock exchanges may also increase the level of premium or discount of the unit/share price to the ETF's net asset value.

G. ISSUE, REALISATION AND SWITCHING OF UNITS

Issue of Units

Initial offer

Initial Offer Period and Initial Offer Price

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

Minimum Subscription Level

The offering of a Class of Units or a Sub-Fund may be conditional upon the minimum subscription level (if applicable) being received on or prior to the close of the Initial Offer Period.

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

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of Units of the relevant Class of Units or Sub-Fund even if the minimum subscription level has not been achieved.

Subsequent offer

Units in a Sub-Fund or a Class of a Sub-Fund following the close of the Initial Offer Period of such Sub-Fund or Class are offered on each Dealing Day.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications for subscription of any Class of Units in a Sub-Fund (together with application monies in cleared funds), if received by the Manager prior to the Dealing Deadline and accepted by the Manager will be dealt with on that Dealing Day. Applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day. The Manager has the discretion to accept applications and/or application monies received after the Dealing Deadline.

Units may not be issued during the period of any suspension of the determination of the net asset value relating to such Class of Units of a Sub-Fund and/or the issuance of Units of the relevant Class or Sub-Fund (for details see the sub-section below headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**").

Issue Price

After the close of the Initial Offer Period, Units of a Class will be issued at the issue price for such Units in respect of the relevant Dealing Day, as described below under the sub-section headed "**H. CALCULATION OF NET ASSET VALUE - Calculation of Issue and Realisation Prices**".

Minimum Subscription and Subsequent Holding

Details of any minimum initial subscription amount and minimum subsequent subscription amount applicable to a Class of Unit or a Sub-Fund are set out in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the minimum initial subscription amount or minimum subsequent subscription amount from time to time, whether generally or in a particular case.

Initial Charge

The Manager, its agents or delegates may charge an initial charge on the issue of each Unit of a percentage of either (i) the Initial Offer Price or the issue price, as the case may be, of such Unit or (ii) the total subscription amount received in relation to an application, as the Manager may at its discretion determine. The maximum and current rate of initial charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of initial charge may be imposed in relation to the issue of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

Subject to the applicable requirements of the Code, the Manager may at any time increase the rate of initial charge of a Class of Units or a Sub-Fund.

The Manager may on any day differentiate between applicants or Classes of Units as to the amount of the initial charge. The initial charge will be retained by or paid to the Manager, or any agents or delegates or intermediaries appointed by the Manager, for their own absolute use and benefit.

Procedures for Application and Payment

Unless otherwise specified in the relevant Appendix, to purchase Units an investor should complete the application form, which may be obtained from the Manager or Authorised Distributors (the "**Application Form**"), and return the original Application Form together with any further supporting documents (as may be required from time to time) and the application monies to the Manager or other Authorised Distributor (details of which as set out in the Application Form).

Unless otherwise specified in the relevant Appendix, the Application Form may also be sent to the Manager by facsimile or any other electronic means as agreed by the Manager and the Trustee, provided the original follows promptly by mail. Investors should be reminded that if they choose to send the Application Forms by facsimile or such other electronic means as agreed by the Manager and the Trustee, they bear their own risk of such applications not being received. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee, the Transfer Agent and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or other electronic means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should for their own benefit confirm with the Manager or the Authorised Distributors as to the safe receipt of an application.

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units. In the event that an application is rejected (either in whole or in part) or the Manager determines that the relevant Class of Units or the relevant Sub-Fund and the Class or Classes of Units related to it will not be launched, application monies (or the balance thereof) will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the monies originated at the risk and expense of the person(s) entitled thereto or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Payment for the issue of Units in any Sub-Fund must be received in cleared funds unless the Manager agrees otherwise. The application monies and the initial charge (if any) should be forwarded in full at the same time the Application Form is sent to the Manager or Authorised Distributors. Subject to the above, applications will generally be accepted on a Dealing Day only if cleared funds have been received on or prior to such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, the Manager may in its discretion determine to issue Units of a Sub-Fund following receipt of a duly completed Application Form but prior to receipt of application monies in cleared funds provided that the application monies in cleared funds are received within 3 Business Days from the relevant Dealing Day ("**Payment Deadline**").

If payment in full in cleared funds has not been received by the relevant Payment Deadline (or such other period as the Manager may determine and disclose to the applicants), the Manager may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) cancel any Units which may have been issued in respect of such application for subscription and the Manager must cancel the issue of the relevant Units if (a) the Trustee so requires or (b) the Units in respect of which the issue price shall not have been received in full as aforesaid constitute more than 2.5% of the total number of Units of the relevant Class in issue on such Dealing Day.

Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Manager or the Trustee, provided that: (i) no previous valuations of the relevant Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) the Manager and the Trustee may charge the applicant a cancellation fee of up to HKD500 to represent the administrative costs involved in processing the application for such Units from such applicant; and (iii) the Manager and the Trustee may require the applicant to pay (for the account of the relevant Sub-Fund in respect of each Unit so cancelled) the amount (if any), by which the issue price of each such Unit exceeds the realisation price of such Unit on the day of cancellation (if such day is a Dealing Day for the relevant Class of Units) or the immediately following Dealing Day plus interest on such amount until receipt of such payment by the Trustee.

Applications received on a day which is not a Business Day in Hong Kong or received after the Dealing Deadline for a Dealing Day will be dealt with on the next following Dealing Day.

Investors may place orders for Units with the Manager and other Authorised Distributors in any of the major freely convertible currencies in addition to the Class Currency of the individual Class of Units as disclosed in the relevant Appendix. Investors may contact the Manager for information about such currencies. The exchange rate of the currency in which investors will place orders will be determined at such time on such day at the discretion of the Manager and then specified in the contract note which will be subsequently provided to investors. Foreign exchange transactions required to handle investors purchases / realisations may be aggregated. Settlement must be made in the currency in which the order was placed.

Settlement should be made by telegraphic transfer net of bank charges. Payment should be made to the bank account published by the Manager as appropriate to the currency of settlement.

Other methods of payment require prior approval of the Manager. Where payments are accepted by cheque (or where a telegraphic transfer does not result in the immediate receipt of cleared funds), processing of the application will usually be deferred until cleared monies are received. Cleared monies will be invested net of bank collection charges.

Investors should normally allow at least 3 Business Days before further switching, selling or realising their Units after purchase or subscription.

Details of payments by telegraphic transfer are set out in the Application Form.

All application monies must originate from an account held in the name of the applicant. No third party payments shall be accepted.

No money should be paid to any intermediary in Hong Kong who is not a licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance or otherwise exempt from such licensing requirement.

The Trust Deed also permits payment for Units in specie instead of in cash, at the discretion of the Manager.

Additional Information

Fractions of not less than one-hundredth of a Unit may be issued. Application monies representing smaller fractions of a Unit will be retained by the relevant Sub-Fund. Unless otherwise specified in the relevant Appendix, investors may add to an existing holding in a Sub-Fund without limit.

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Manager and the Transfer Agent are informed of any change to the registered details.

A contract note will be issued upon acceptance of an investor's application and the receipt of cleared funds and will be forwarded by ordinary post (at the risk of the person entitled thereto).

A maximum of 4 persons may be registered as joint Unitholders.

Switching

Unless otherwise specified in the relevant Appendix, Unitholders have the right (subject to any suspension in the determination of the net asset value of the relevant Sub-Fund or of any Class of Units and/or the suspension of the realisation of Units of the Existing Class or the issuance of Units of the New Class or such limitations as the Manager may impose after consulting with the Trustee) to switch all or part of their Units of any Class in any Sub-Fund (the "**Existing Class**") into Units of any other Class in the same Sub-Fund or into Units in another Sub-Fund available for subscription or conversion (the "**New Class**") by giving notice in writing to the Manager or through other Authorised Distributors.

Unless otherwise specified in the relevant Appendix, a switching notice must be sent by facsimile or any other electronic means as agreed by the Manager or the Trustee, provided the original must follow promptly by mail. Unitholders who choose to send a switching notice by facsimile or other electronic means (as may be agreed by the Manager or the Trustee) bear the risk of the switching notice not being received or illegible. Unitholders should note that the Fund, the Sub-Funds, the Manager, the Trustee, the Transfer Agent and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any switching notice sent by facsimile or other electronic means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Unitholders should therefore, for their own benefit, confirm with the Manager or the Authorised Distributors as to the safe receipt of a switching notice.

Requests for switching received prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of a request for switching or any amendment to a request for switching prior to receipt. Notices to switch may not be withdrawn without the consent of the Manager.

The rate at which the whole or any part of a holding of Units in the Existing Class will be switched on any Dealing Day into Units of the New Class will be determined in accordance with one of the following formulae:-

(A)

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

or

(B)

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

Where, in either case:

N	=	the number of Units of the New Class to be issued.
E	=	the number of Units of the Existing Class to be switched.
R	=	the realisation price (less realisation charge if applicable) per Unit of the Existing Class applicable on the relevant Dealing Day
S	=	the issue price per Unit for the New Class applicable on the Dealing Day of the New Class or immediately following the relevant Dealing Day PROVIDED THAT where the issue of Units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the issue price per Unit of the New Class applicable on the first Dealing Day for the New Class falling on or after the satisfaction of such conditions.
F	=	the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the Class Currency of Units of the Existing Class and the Class Currency of Units of the New Class.
SF	=	a switching fee (if any).

A switching fee as a percentage of (i) the issue price per Unit of the New Class as at the relevant Dealing Day or (ii) the subscription amount for the issue of the Units of the New Class (or such smaller amount as may be applicable or as the Manager may determine) may be imposed, as the Manager may at its discretion determine. Where the switching fee is levied pursuant to situation (i), formula (A) above will apply. Where the switching fee is levied pursuant to situation (ii), formula (B) above will apply. The switching fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

Switching fees will be applied to all switches (where applicable) between Sub-Funds and between Classes of Units within a Sub-Fund.

Any fraction smaller than one-hundredth of a Unit of the New Class so arising will be ignored and monies representing any such fraction will be retained as part of the Existing Class.

Unless otherwise agreed by the Manager, no switching will be made if as a result thereof a Unitholder would hold less than the minimum holding amount of the Existing Class or the New Class or is prohibited from holding Units of the relevant Class or Sub-Fund under the relevant Appendix. Unless the Manager otherwise agrees, Units of a Class can only be switched into Units of the same Class of another Sub-Fund.

Depending on the Valuation Point of the relevant Sub-Fund and the time required to remit the switching monies, the day on which investments are switched into the New Class may be later than the day on which investments in the Existing Class are switched out or the day on which the instruction to switch is given.

If there is, at any time during the period from the time as at which the realisation price per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Existing Class to the New Class, a devaluation or depreciation of any currency in which any investment of the Existing Class is denominated or normally traded, the realisation price per Unit of the Existing Class shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced realisation price had been the realisation price ruling for realisation of Units in the Existing Class on the relevant Dealing Day.

In addition, specific restrictions may apply when a Unitholder intends to switch his Units into another Class or Sub-Fund. The relevant restrictions (if any) will be set out in this section or in the Appendix for the relevant Sub-Fund.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for switching of Units from a Unitholder which it suspects to use such practices and take, the case be, the necessary measures to protect the Unitholders of the Sub-Funds.

Restrictions on Buying, Subscribing and Switching into Certain Sub-Funds

The Manager may decide, with consent from the Trustee, to partially close a Sub-Fund or Class of Units to all buys, subscriptions or switches in from new investors only, or to totally close a Sub-Fund or Class of Units to all buys or subscriptions or switches in (but not, in either of the case of partial or total closure as described, to redemptions or switches out).

Investors and potential investors should confirm with the Manager or Authorised Distributors for the current status of Sub-Funds or Classes of Units. Once closed, a Sub-Fund or a Class of Units will not be reopened until, in the opinion of the Manager, the circumstances which required closure no longer prevail.

Market timing

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes and realises or switches Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value of the concerned Sub-Funds.

Each of the Sub-Funds is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. In accordance with general FIL Group policy and practice, the Manager and the Authorised Distributors are committed not to permit transactions which they know to be or have reasons to believe to be related to market timing. Accordingly, the Manager and the Authorised Distributors may refuse to accept applications for or switching of Units, especially where transactions are deemed disruptive, particularly from market timers or investors who, in the Manager's or any of the Authorised Distributors' opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Sub-Fund. For these purposes, the Manager and the Authorised Distributors may consider an investor's trading history in a fund or other FIL Group funds and accounts under common ownership or control.

Realisation of Units

Procedures for Realisation

Subject to any suspension of the determination of the net asset value of any relevant Sub-Fund or of any Class of Units and/or the suspension of the realisation of Units (please see the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS -Limitation and Suspension**" below for details) and subject as mentioned below and to the restrictions (if any) as specified in the relevant Appendix, any Unitholder may realise his Units on any Dealing Day in whole, or in part by submitting a realisation request to the Manager or through other Authorised Distributors before the Dealing Deadline for the relevant Sub-Fund. Unless otherwise stated in the Appendix of the relevant Sub-Fund, realisation requests received after the Dealing Deadline will be carried forward and dealt with on the next Dealing Day, subject to the Manager's discretion to accept late realisation requests.

Unless otherwise specified in the relevant Appendix, a realisation request must be given to the Manager or through other Authorised Distributors in writing, and sent by facsimile or any other electronic means as agreed by the Manager or the Trustee, provided the original must follow promptly by mail. Such realisation request must specify (i) the name of the Sub-Fund and the value or number of Units to be realised; (ii) the name(s) of the relevant Class of Units in the relevant Sub-Fund to be realised; (iii) the name(s) of the registered holder(s); (iv) the payment instructions for the realisation proceeds; and (v) the registered account number with the relevant Sub-Fund.

Unitholders who choose to send a realisation request by facsimile or other electronic means (as may be agreed by the Manager or the Trustee) bear the risk of the request not being received or illegible. Unitholders should note that the Fund, the Sub-Funds, the Manager, the Trustee, the Transfer Agent and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any realisation request sent by facsimile or other electronic means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Unitholders should therefore, for their own benefit, confirm with the Manager or the Authorised Distributors as to the safe receipt of a realisation request.

Save where there is a suspension of the determination of the net asset value of the relevant Sub-Fund or Units of a Class and/or the realisation of Units of the relevant Sub-Fund or Units of a Class, a realisation request once given cannot be revoked without the consent of the Manager. Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the realisation of Units of such Class by notice in writing to the Manager or through other Authorised Distributors.

Realisation Price

Units of a Class will be realised at the realisation price for such Units in respect of the relevant Dealing Day, as described below under the sub-section headed "**H. CALCULATION OF NET ASSET VALUE - Calculation of Issue and Realisation Prices**".

From the time of the calculation of the realisation price to the time at which realisation proceeds are converted out of any other currency into the Class Currency of the relevant Class of Units, if there is an officially announced devaluation or depreciation of that other currency, the amount which would otherwise be payable to the redeeming Unitholder shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

Minimum Redemption Amount and Minimum Holding Amount

Details of any minimum redemption amount and minimum holding amount applicable to a Class of Unit or a Sub-Fund are set out in the relevant Appendix.

If a realisation request will result in a Unitholder holding Units of a Sub-Fund or a Class less than the minimum holding amount for that Sub-Fund or Class, the Manager may deem such request to have been made in respect of all Units of the relevant Sub-Fund or Class held by that Unitholder.

The Manager has the discretion to waive, change or accept an amount lower than the minimum redemption amount or minimum holding amount from time to time, whether generally or in a particular case.

Realisation Charge

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

The Manager may increase the rate of realisation charge payable for a Sub-Fund or a Class of Units by giving one month's prior written notice to the Unitholders, subject to the applicable requirements of the Code.

The realisation charge will be deducted from the amount payable to a Unitholder in respect of the realisation of Units. The realisation charge will be retained by or paid to the Manager for its own absolute use and benefit or, if so stated in the relevant Appendix, retained by the relevant Sub-Fund. Where the realisation charge is retained by the Manager, it may at its discretion, pay all or part of the realisation charge to any agents or delegates or intermediaries appointed by the Manager. The Manager shall be entitled to differentiate between Unitholders or Classes of Units as to the amount of the realisation charge (within the maximum rate of realisation charge).

Payment of Realisation Proceeds

Realisation proceeds will not be paid to any redeeming Unitholder until (a) unless otherwise agreed by the Manager and the Trustee, the written original of the redemption request (in the required form) duly signed by the Unitholder has been received; and (b) where realisation proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager and the Trustee.

Unless otherwise agreed by the Manager, the realisation proceeds will only be paid to the redeeming Unitholder. Where realisation proceeds are to be paid to any person other than the redeeming Unitholder, realisation proceeds may not be paid until the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Manager and the Trustee (or their duly authorised agents).

The Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a realisation payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any realisation proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity.

In the event that there is a delay in receipt by the Manager or the Trustee of the proceeds of realisation of the investments of the relevant Sub-Fund to meet realisation requests, the Manager or the Trustee may delay the payment of the relevant portion of the amount due on the realisation of Units. If the Manager or the Trustee is required by the laws of any relevant jurisdiction to make a withholding from any realisation proceeds payable to the Unitholder the amount of such withholding shall be deducted from the realisation proceeds otherwise payable to such person.

Subject as mentioned above and so long as relevant account details have been provided, realisation proceeds will be paid in the Base Currency or the Class Currency of the relevant Class of Units by electronic bank transfer, normally within 7 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the realisation proceeds within the aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s) and is subject to the prior approval of the SFC. Payment may be made in one of the major freely convertible currencies if requested by the Unitholder(s) at the time of instruction.

Subject to the agreement of the Manager, realisation proceeds may be paid to the redeeming Unitholder (or, in the case of joint Unitholders, either to all Unitholders or the first-named Unitholder as indicated by the relevant Unitholders on the Application Form) at the Unitholder's risk by cheque, usually in the Base Currency or the Class Currency of the relevant Class of Units and sent to the redeeming Unitholder at the last known address (in the case of joint Unitholders, at the last known address of the first-named joint Unitholder) held in the records of the register of Unitholders.

Payment amounts may be subject to bank charges levied by the Unitholder's own (or a correspondent) bank.

The Trust Deed also provides for payment of realisation proceeds in specie with the consent of the relevant Unitholder. Where a Unitholder requests the realisation of Units, the Manager may, if it considers the realisation is substantial in relation to the total size of the Sub-Fund concerned and upon obtaining the consent of the relevant Unitholder, arrange for the Manager to realise the Units by transferring in specie scheme property of the relevant Sub-Fund to such Unitholder instead of paying the realisation price of the Units in cash, or, if required by the Unitholder, pay the net proceeds of sale of the relevant scheme property to the Unitholder. A realisation of Units representing 5% or more of the net asset value of a Sub-Fund will normally be considered substantial, although the Manager may in its discretion agree an in specie realisation with a Unitholder whose Units represent less than 5% of the net asset value of the Sub-Fund concerned. Before the proceeds of realisation of the Units become payable, the Manager will give written notice to the Unitholder that scheme property (or the proceeds of sale of that scheme property) will be transferred to that Unitholder.

In the event that a Unitholder accepts realisation of Units in specie, the Manager may establish a separate account outside the relevant Sub-Fund opened in the Manager's name (the "**Account**") for the purposes of selling the scheme property deposited in the Account (the "**In Specie Assets**") for the benefit of the redeeming Unitholder. Transfer to the Account and sale of the whole or part of the In Specie Assets will be effected upon receipt of such Unitholder's instructions. Such transfer and sale may delay payment to the Unitholder of that portion of the Unitholder's realisation attributable to the In Specie Assets until the In Specie Assets can be sold. The amount to be received by such Unitholder may increase or decrease to reflect the performance of the In Specie Assets through the date on which the sale of the In Specie Assets is effected. Any costs and expenses incurred in connection with the opening and maintenance of the Account and the transfer or sale of the In Specie Assets will be borne by such Unitholder.

Limitation and Suspension

Limitation

With a view to protecting the interests of Unitholders, the Manager is entitled at its discretion and after consultation with the Trustee to limit the number of Units of any Sub-Fund realised on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total number of Units of that Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to realise Units of the relevant Sub-Fund on that Dealing Day will realise the same proportion of such Units, and Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, on the next Dealing Day. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned within seven days of such Dealing Day that such Units have not been realised and that (subject as aforesaid) they shall be realised on the next succeeding Dealing Day for the relevant Sub-Fund or Class of Units. Where the Manager postpones realisations in exercise of this power, the Manager may make exceptions (after consultation with the Trustee) in cases of hardship or otherwise to allow particular realisation requests to be processed.

Suspension

The Manager may, in consultation with the Trustee and having regard to the best interests of the Unitholders, declare a suspension of the determination of the net asset value of any Sub-Fund or of any Class of Units and/or the issuance, switching and/or the realisation of Units for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any Securities Market on which a substantial part of the investments of that Sub-Fund is normally traded; or

(b) for any other reason the prices of investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments held or contracted for the account of that Sub-Fund; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Sub-Fund or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or

(e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or other assets of that Sub-Fund or the net asset value of that Sub-Fund or the issue price or realisation price per Unit takes place or when for any other reason the value of any of the investments or other assets of that Sub-Fund or the net asset value of that Sub-Fund or the issue price or realisation price per Unit cannot in the opinion of the Manager after consultation with the Trustee reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(f) when, in the opinion of the Manager after consultation with the Trustee, such suspension is required by law or applicable legal process; or

(g) where that Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager or the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from a force majeure event; or

(i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund or to carry out a scheme of amalgamation involving that Sub-Fund; or

(j) such other circumstance or situation exists as set out in the Appendix of that Sub-Fund.

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

(a) where the suspension is in respect of the determination of the net asset value, there shall be no determination of the net asset value of the relevant Sub-Fund and the net asset value per Unit of that Sub-Fund (or a Class thereof) (although an estimated net asset value may be calculated and published) and any applicable issue or request for switching or realisation of Units shall be similarly suspended. If a request for subscription, switching or realisation of Units are received by the Manager during a period of suspension and not withdrawn, such request shall be treated as if it were received in time to be dealt with on the Dealing Day next following the end of the said suspension and dealt with accordingly;

(b) where the suspension is in respect of the allotment or issue, switching and/or the realisation of Units, there shall be no allotment, issue, switching and/or realisation of Units. For the avoidance of doubt, the allotment, issue, switching or realisation of Units may be suspended without suspending the determination of the net asset value.

Such suspension shall take effect forthwith upon the declaration thereof until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist. Whenever the Manager shall declare such a suspension it shall, immediately after any such declaration notify the SFC of such suspension and shall immediately following any such declaration and at least once a month during the period of such suspension, publish a notice on the Manager's website at: http://www.fidelity.com.hk* and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or realise Units shall have been affected by such suspension stating that such declaration has been made.

* This website has not been reviewed by the SFC.

H. CALCULATION OF NET ASSET VALUE

The Trust Deed provides for the net asset value of each Sub-Fund and the net asset value per Unit of each Class to be determined as at the Valuation Point on each Valuation Day. However, the Trust Deed provides that the value of Units may be calculated on such other Business Day as the Manager may determine on giving one calendar month's prior notice (or such shorter notice period as required or permitted under the Code) to Unitholders.

The net asset value of a Sub-Fund shall be calculated by valuing the assets of such Sub-Fund in accordance with the provisions of the Trust Deed and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Trust Deed. The Trust Deed provides among others that:-

(a) Listed Investments

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

i. If the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may, after consultation with the Trustee, adopt such prices.
ii. If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price or, as the case may be, middle quotation on the Securities Market which, in its opinion and after consultation with the Trustee, provides the principal market for such investment.
iii. For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Trustee, deem appropriate.
iv. In the case of any investment which is quoted, listed or normally dealt in on a Securities Market but in respect of which, for any reason, prices on that Securities Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee.
v. Where there is no Securities Market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager, in consultation with the Trustee, may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereby.
vi. There shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price.

(b) Unquoted Investments

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

(c) Cash, Deposits etc.

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

(d) Collective Investment Scheme

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

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

(e) Other Valuation Methods

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

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

(f) Conversion to Base Currency

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

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

Subject as provided below, when calculating the net asset value of a Sub-Fund, price data and other information in relation to the value of any investment or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuation, or valuation or pricing information which is provided by any valuer, third party valuation agent, intermediary or other third party appointed or authorised to provide valuations or pricing information of the investments or the assets of the Sub-Fund may be relied upon without verification, further enquiry or liability notwithstanding that the prices so used are not the last traded prices or closing prices.

(h) Appointment of a Third Party for Valuation

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

Calculation of Issue and Realisation Prices

The net asset value per Unit of each Class in any Sub-Fund on any Valuation Day is calculated by dividing the net asset value of the relevant Class as at the Valuation Point in respect of the Valuation Day by the number of Units of that Class in issue.

The price at which Units of a Class are issued or realised in respect of any Dealing Day is the net asset value per Unit of that Class, rounded to the nearest cent, or in the case of half a cent, rounded up. Any rounding adjustment shall be retained by the relevant Sub-Fund.

Please note that charges may apply to the issue and realisation of Units (please refer to the relevant Appendix for details).

Price Adjustment Policy (Swing Pricing and Dilution Levy)

Large transactions in or out of a Sub-Fund can create "dilution" of a Sub-Fund's assets because the price at which an investor buys or sells Units in a Sub-Fund may not entirely reflect the dealing and other costs that arise when the Manager has to trade in securities to accommodate large cash inflows or outflows. In order to counter this and enhance the protection of existing Unitholders, a policy has been adopted to allow price adjustments as part of the regular daily valuation process to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If on any Dealing Day the aggregate net transactions in Units of a Sub-Fund exceed a threshold set by the Manager from time to time for each Sub-Fund, the issue price and realisation price may be adjusted by the Manager upwards or downwards as applicable to reflect the costs that may be deemed to be incurred in liquidating or purchasing investments to satisfy net daily transactions at the Sub-Fund's level. The threshold is set by the Manager taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of the Sub-Funds, the application of which will be triggered mechanically and on a consistent basis. The adjustment will be upwards when the net aggregate transactions result in an increase of the number of Units. The adjustment will be downwards when the net aggregate transactions result in a decrease of the number of Units. The adjusted issue price or realisation price will be applicable to all transactions on that day.

Subject to the provisions of the Trust Deed, the price adjustment will not exceed 2% of the original issue price or realisation price, unless, as a result of exceptional circumstances (such as market crash or global financial crisis), the Manager deems an increase to this threshold is necessary in order to protect the Unitholders' interests. Any such price adjustments will be in response to significant cash flows rather than normal volumes, and therefore it is not possible to accurately predict whether a price adjustment will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently such price adjustments will need to be made.

Alternatively, the Manager may charge a "dilution levy" when Units are bought or sold in large transaction(s). Any dilution levy must be fair to all Unitholders and potential Unitholders. The Manager will not impose a dilution levy in respect of any deal (or series of deals placed on the same day) involving Units with a value below the amount specified in this Explanatory Memorandum (or such other amount as may be specified for a Sub-Fund in the relevant Appendix).

In deciding whether to impose a dilution levy, the Manager may consider a number of factors including but not limited to the size of the subscription or redemption relative to the overall value of the Sub-Fund, the level of transaction costs within the markets in which the Sub-Fund invests, the liquidity of the underlying investments within the Sub-Fund, the amount of investments to be bought/sold and the likely time that this will take, the likelihood of an adverse impact on the value of investments as a result of the accelerated rate of disposal, and the length of time for which the Units in question were held.

Based on future projections, the levy (if imposed) will be up to 2% of the purchase cost or the realisation or switch proceeds, unless, as a result of exceptional circumstances, the Manager deems an increase to this threshold is necessary in order to protect the Unitholders' interests. Any dilution levy would become part of the property of the relevant Sub-Fund.

The Manager believes that its dilution levy policy described above will not materially affect the future growth of the Sub-Funds.

The Manager will consult the Trustee prior to any adjustment to the issue price or realisation price and such adjustment will only be made where the Trustee has no objection to it. In case of extreme market conditions and as a temporary measure, the Manager may upon consultation with the Trustee apply a price adjustment/dilution levy threshold higher than 2% as disclosed above, provided that prior notice is provided to investors before such increased threshold is applied.

Publication of Issue and Realisation Prices

Issue and realisation prices per Unit of each Class of Units of each Sub-Fund will be published daily on the Manager's website at: http://www.fidelity.com.hk*.

* This website has not been reviewed by the SFC

I. FEES, CHARGES AND EXPENSES

Charges Payable by Investors

Initial charge, realisation charge and switching fee may be charged to an investor in his/her purchase, realisation and switching of Units pursuant to the section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS**" above. The applicable rates of such charges in respect of a Sub-Fund are set out in the Appendix for the relevant Sub-Fund.

Expenses and Charges Payable by the Sub-Fund

Investment Management Fee

The Manager is entitled to receive an investment management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the net asset value of each Class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix for the relevant Sub-Fund, subject to a maximum fee as set out in the Appendix for the relevant Sub-Fund.

The Manager shall pay the fees of any sub-manager and investment adviser to which it has appointed. Any such sub-manager and investment adviser will not receive any remuneration directly from any Sub-Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the investment management fee from the current level to the maximum level. Any increase beyond the maximum level will be subject to the requirements of the Code.

Trustee Fee

The Trustee is entitled to receive a trustee fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the net asset value of each Sub-Fund as at each Valuation Day at the rate set out in the Appendix for the relevant Sub-Fund, subject to a maximum fee as set out in the Appendix for the relevant Sub-Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee Fee from the current level up to the maximum level. Any increase beyond the maximum level will be subject to the requirements of the Code.

The Trustee is also entitled to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses properly incurred by it in the performance of its duties.

Custodian Fee

The Custodian is entitled to (among others) transaction charges at customary market rates and a Custodian Fee at different rates, largely depending on the markets where the Custodian is required to hold the Sub-Fund's assets. Such fees will be calculated monthly and will be paid monthly in arrears, out of the assets of each Sub-Fund. The Custodian will be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses incurred in the course of their duties.

Administrator Fee

The Administrator is entitled to receive an administrator fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the net asset value of each Sub-Fund as at each Valuation Day at the rate set out in the Appendix for the relevant Sub-Fund, subject to a maximum fee as set out in the Appendix for the relevant Sub-Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Administrator's fee from the current level up to the maximum level. Any increase beyond the maximum level will be subject to the requirements of the Code.

The Administrator is also entitled to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses properly incurred by it in the performance of its duties.

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund (i.e. Short Duration Quality Income Fund) are being borne by the initial Sub-Fund. Such costs amounted to approximately HK$971,177, and are being amortised over a period of five years starting from the launch date of the initial Sub-Fund, or such other period as the Manager after consultation with the Auditors shall determine. This policy of amortisation is not in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards under which the establishment costs should be expensed as incurred, and may result in adjustments to the financial statements in order to comply with these standards. The Manager believes that this policy is fairer and more equitable to the initial investors than expensing the establishment costs as they are incurred, will have minimal impact on the net asset value of the Sub-Fund and is unlikely to be material to the Sub-Fund's financial statements.

Where subsequent Sub-Funds are established in the future, the Manager and the Trustee may determine that the unamortised establishment costs of the Fund or a part thereof may be re-allocated to such subsequent Sub-Funds.

Unless otherwise disclosed in the relevant Appendices, the establishment costs and payments incurred in the establishment of subsequent Sub-Funds or Classes are to be borne by the Sub-Fund(s) or Class(es) to which such costs and payments relate and amortised over a period of five years (or such other period as determined by the Manager).

General

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated amongst the Sub-Funds in proportion to the respective net asset value of all the Sub-Funds.

Each Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee, custodian, co-custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any Connected Person in the event of the Trustee or the Manager or such Connected Person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditor, the Registrar, the Transfer Agent and the Administrator, (c) fees charged by the Trustee in connection with valuing the assets of the Fund or any part thereof calculating the issue and realisation prices of Units and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection with the Fund or the relevant Sub-Fund, (e) out of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the units on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Fund or any Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and realisation prices of units, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditor's fees and the Trustee's fees in relation thereto), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager, after consulting the Auditor, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

For so long as the Fund and such Sub-Funds are authorised by the SFC[1], no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

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[1] SFC authorisation is not a recommendation or endorsement of the fund nor does it guarantee the commercial merits of the fund or its performance. It does not mean the fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Feeder Fund Fees and Charges

Each Sub-Fund that is a feeder fund will indirectly bear a proportion of the fees and charges of the underlying fund in which it invests. Please refer to the relevant Appendix for further details.

No initial charge or realisation charge is applicable with respect to the investment by a Sub-Fund into a fund managed by members of the FIL Group. Also, there shall be no increase in the overall total investment management fee borne by a Sub-Fund when the Sub-Fund invests into a fund managed by any member of FIL Group.

Cash Rebates and Soft Commissions

The Manager, the Investment Delegate (if any) or any of their Connected Persons may effect transactions by or through a broker or dealer whom the Manager, the Investment Delegate (if any) or any of their Connected Persons have an arrangement under which that broker or dealer will from time to time provide to or procure for the Manager, the Investment Delegate (if any) or any of their Connected Persons goods, services or other benefits (such as research and advisory services, where permitted by the Code only) ("**soft dollar arrangements**"), the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the Fund's performance and that of the Manager or any of its delegates in providing services to the Fund and for which no direct payment is made but instead the Manager, the Investment Delegate (if any) or any of their Connected Persons undertake to place business with that broker or dealer. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Periodic disclosure is made in the annual report of the Fund in the form of a statement describing the soft dollar policies and practices of the Manager or the Investment Delegate, including a description of goods and services received by them and/or any of their Connected Persons.

The Manager, the Investment Delegate (if any) or any of their Connected Persons shall not retain the benefit of any cash commission or rebate (being cash commission repayment made by a broker or dealer to the Manager, the Investment Delegate and/or any of their Connected Persons) paid or payable from any broker or dealer in respect of any business placed with such broker or dealer by the Manager, the Investment Delegate or any of their Connected Persons for or on behalf of the Fund. Any such cash commission or rebate received from any such broker or dealer shall be held by the Manager, the Investment Delegate or any of their Connected Persons for the account of the relevant Sub-Fund.

Brokerage rates will not be excessive of customary institutional full-service brokerage rates. All transactions will be done with best execution. The availability of soft dollar arrangements may not be the sole or primary purpose to perform or arrange transaction with such broker or dealer.

J. TERMINATION OF THE FUND OR ANY SUB-FUND

The Trustee may terminate the Fund if:-

(a) the Manager goes into forced liquidation;

(b) in the opinion of the Trustee, the Manager is incapable of performing its duties properly;

(c) the Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund;

(d) the Manager ceases to manage the Fund and the Trustee fails to appoint a successor Manager within a period of 30 days; or

(e) the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 60 days therefrom.

The Manager may terminate the Fund, any Sub-Fund and/or any Class of Units (as the case may be) if:-

(a) on any date, in relation to the Fund, the aggregate net asset value of all Units outstanding hereunder Fund falls below USD25,000,000 or its equivalent or, in relation to any Sub-Fund, the aggregate net asset value of the Units outstanding hereunder in respect of such Sub-Fund shall be less than US$10 million or its equivalent or such other amount stated in the relevant Appendix or, in relation to any Class of Units, the aggregate net asset value of the Units of such Class outstanding hereunder in respect of such Class shall be less than US$1 million or its equivalent or such other amount stated in the relevant Appendix;

(b) the Fund and/or the relevant Sub-Fund (as the case may be) shall not be or cease to be authorised or otherwise officially approved pursuant to the SFO;

(c) in the opinion of the Manager, it is impracticable or inadvisable to continue the Fund, a Sub-Fund and/or any Class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Fund, the Sub-Fund or the relevant Class of Units);

(d) any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund; or

(e) the occurrence of any other event(s) or in such other circumstance(s) as set out in the relevant Appendix of the Sub-Fund.

The party terminating the Fund or a Sub-Fund (as the case may be) shall be required to give at least one month's notice to Unitholders of the Fund and/or the Sub-Fund (as the case may be).

In addition, the Fund, a Sub-Fund or a Class of Units may at any time be terminated with the approval of an extraordinary resolution of Unitholders of the Fund or the relevant Sub-Fund or Class (as described in the Trust Deed).

Upon termination of a Sub-Fund(s), the Trustee may decide to issue Units of one or more other Sub-Fund(s) in exchange for Units of the terminating Sub-Fund or sell all the investments and other assets belonging to the terminating Sub-Fund and distribute cash proceeds to Unitholders in accordance with the provisions of the Trust Deed.

Any unclaimed proceeds or other cash held by the Trustee upon termination of the Fund, a Sub-Fund or a Class of Units, as the case may be, may at the expiration of 12 months from the date upon which the same were payable be paid into court or paid to any charitable organisation (s) as may be determined by the Manager, subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

K. GENERAL INFORMATION

Taxation and Regulatory Requirements

Investors should consult their professional advisers on the consequences to them of acquiring, holding, realising, transferring or selling units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances. The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong (and, in the case of FATCA, in the United States) at the date of this document. Investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the taxpayer.

Hong Kong

Under current Hong Kong law and practice:-

(i) profits of the Fund arising from the sale or disposal of securities, interest received by or accrued to the Fund and certain other profits of the Fund (including those under foreign exchange contracts and futures contracts) will be exempt from profits tax;

(ii) profits tax will not be payable by any Unitholder on any gains or profits made on the realisation or other disposal of Units unless the Unitholder carries on a trade, profession or business in Hong Kong and the acquisition and disposal of the Units represents a trading venture of such Unitholder;

(iii) distributions to Unitholders out of the Fund will not be subject to the deduction of any withholding tax; and

(iv) Units in the Fund should not be regarded as property situated in Hong Kong for the purpose of Hong Kong estate duty.

The realisation of Units by an Unitholder should not be subject to stamp duty. Such charge, if any, may be deducted before the payment of realisation proceeds to the Unitholder.

Foreign Account Tax Compliance Act

The Hiring Incentives to Restore Employment Act (the "**Hire Act**") was signed into US law in 2010. It includes provisions generally known as Foreign Account Tax Compliance Act. The objective of FATCA provisions is to impose obligations on non-US financial institutions to identify and appropriately report on US taxpayers holding assets outside the US as a safeguard against US tax evasion.

In 2014, Hong Kong has entered into an intergovernmental agreement ("**IGA**") with the US to implement FATCA for Hong Kong based financial institutions, adopting "Model 2" IGA arrangements. Hong Kong financial institutions, including the Fund, are required to report to the US tax authorities (the "**IRS**") the details of US taxpayers holding assets with those financial institutions. Pursuant to the IGA, the Fund is classified as a Hong Kong non-reporting financial institution as it has elected to be sponsored by the Manager, FIL Investment Management (Hong Kong) Limited. The Manager has registered with the IRS as a sponsoring entity and been assigned the GIIN PEP287.00000.SP.344 in that capacity, and as sponsoring entity has registered the Fund which has been assigned the PEP287.00004.SF.344.

The Manager, on behalf of the Fund, is required to obtain mandatory evidence as to whether any new Unitholders is a US person within the meaning of IGA. The Manager is also required to identify any existing Unitholder as a US Person within the meaning of the IGA based on the records the Fund holds.

Further, the Manager on behalf of the Fund is required to disclose such information as maybe required under the IGA and FATCA to the IRS on any Unitholder who is considered to have become a US person within the meaning of the IGA. Investors should consult their own tax advisers regarding any potential obligations that the IGA, or the wider US FATCA regulations, may impose on them.

Under the terms of the IGA, the Fund as a Hong Kong financial institution is not subject to any additional withholding US taxes, unless it is considered to be in material non-compliance with the relevant requirements under FATCA or the IGA.

In addition, as the Fund does not pay US source income to Unitholders the Fund is not required to withhold any US taxes from distribution or redemption payments unless Hong Kong agrees with the US that such withholding should be applied.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance came into force on 30 June 2016. The Inland Revenue (Amendment) (No.3) Ordinance and subsequent related Hong Kong legislation (collectively referred to as the "**Ordinance**") establish the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (also referred to as the Common Reporting Standard ("**CRS**")). The CRS generally requires financial institutions ("**FI**") in Hong Kong (such as the Fund and the Sub-Funds) to collect information relating to non-Hong Kong tax residents holding financial accounts with FIs, and report such information to the Inland Revenue Department of Hong Kong ("**IRD**") which will be further exchanged with the jurisdiction(s) in which the account holder is a tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has signed a Competent Authority Agreement ("**CAA**"); however, the Fund, the Sub-Funds and/or its agents may further collect information relating to residents of other jurisdictions.

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

The CRS rules as implemented by Hong Kong require the Fund to, amongst other things: (i) register the Fund's status as a "**Reporting Financial Institution**" with the IRD; (ii) conduct due diligence on its accounts (i.e., Unitholders) to identify whether any such accounts are considered "**Reportable Accounts**" for CRS purposes; and (iii) report certain information of such Reportable Accounts to the IRD. The IRD will then transmit such information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA (i.e. the "**Reportable Jurisdictions**"). Broadly, CRS contemplates that Hong Kong FIs should report on: (i) individuals or certain entities that are tax residents in the Reportable Jurisdictions; and (ii) certain entities controlled by individuals who are tax residents in the Reportable Jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, date of birth, address, tax residence, tax identification number ("**TIN**"), account details, account balance/value, and certain income or sale or realisation proceeds, may be reported to the IRD, which is subsequently exchanged with government authorities in the relevant Reportable Jurisdictions.

By investing in the Fund and the relevant Sub-Fund and/or continuing to invest in the Fund and the relevant Sub-Fund, Unitholders acknowledge that they may be required to provide additional information to the Fund, the relevant Sub-Fund, the Manager and/or the Fund's agents in order for the Fund and the relevant Sub-Fund to comply with CRS. The Unitholder's information (and/or information pertaining to controlling person(s) of a Unitholder, as defined in the Ordinance), may be exchanged by the IRD with government authorities in the Reportable Jurisdictions.

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

Personal Data

Investors who subscribe through an Authorised Distributor may contact the relevant Authorised Distributor for details of its personal data collection policy.

Financial Year-end

The Fund's and each Sub-Fund's financial year-end is 31 December in each calendar year. The first financial year end of the Fund and the initial Sub-Fund will be 31 December 2023.

Reports and Accounts

The Manager will notify Unitholders where and when the audited annual accounts can be obtained (in printed and electronic forms) within four months of the end of each financial year, and where and when the unaudited interim reports can be obtained (in printed and electronic forms) within two months of the period which they cover. Printed copies of these reports will be available upon request of Unitholders free of charge at any time during normal business hours on any Business Day at the Manager's offices and such reports will also be available in electronic copies at the website www.fidelity.com.hk. Please note that the website has not been reviewed by the SFC.

Such reports will contain a statement of the value of the net assets of each Sub-Fund and the investments comprising its portfolio. In addition, the year end report will contain the investment portfolio of the underlying fund of each Sub-Fund which is a feeder fund as at each financial year end.

The audited accounts and unaudited interim reports will be available in English only.

Trust Deed

All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed (together with a copy of the latest available annual report and accounts of the Fund and any subsequent interim report), may be inspected free of charge during normal office hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager and copies of such document may be obtained from those addresses at a reasonable charge.

Unitholders and intending applicants are advised to consult the Trust Deed for further details.

Modification of the Trust Deed
The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) does not materially prejudice interests of Unitholders, does not to any material extent release the Trustee or the Manager from any liability to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges which will be payable out of the assets of any Sub-Fund or (ii) is necessary to make possible compliance with any fiscal, statutory, regulatory or official requirement or (iii) is necessary to correct a manifest error. In all other cases modifications require the sanction of an extraordinary resolution of Unitholders or the approval of the SFC.

Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the holders of at least 10% in value of the Units in issue. Unitholders will be given not less than 21 days' notice of any meeting at which an extraordinary resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an extraordinary resolution of Unitholders will be Unitholders present in person or by proxy and holding or representing not less than 25% of the Units for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them.

An extraordinary resolution is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of holders of Units in different Sub-Funds or Classes where only the interest of holders in a particular Sub-Fund or Class is affected.

Voting Rights

The Trust Deed provides that at any meeting of Unitholders, on a poll, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder. The Trustee shall ensure that, for as long as the Fund is authorised by the SFC, all resolutions put to a vote at meetings of Unitholders will be determined on a poll.

Anti-Money Laundering Regulations

As part of the Trustee's and the Manager's responsibility to prevent money laundering, they and/or their respective delegates or agents may require detailed verification of identity of a prospective investor, his/her beneficiary owner, his/her delegates, connected parties or person purporting to act on behalf of the investor and the source wealth and/or funds of the payment of application monies. Depending on the circumstances of each application, a detailed verification may not be required where: (a) the prospective investor makes payment from an account in the prospective investor's name at a recognised financial institution; (b) the prospective investor is regulated by a recognised regulatory authority; or (c) the application is made through a recognised financial intermediary. The exceptions will only apply if the financial institution, regulatory authority or intermediary referred to above is within a country recognised by Hong Kong as having sufficient anti-money laundering regulations.

The Trustee, the Manager and their respective delegates and agents each reserves the right to request such information as is necessary to verify the identity of an applicant, his/her beneficiary owner, his/her delegate, connected parties or person purporting to act on behalf of the applicant and the source of wealth and/or funds of the payment. In the event of delay or failure by the applicant, his/her beneficiary owner, his/her delegates, connected parties or person purporting to act on behalf of the applicant to produce any information required for verification purposes, the Trustee, the Manager or any of their respective delegates or agents may refuse to accept the application and return the application monies relating to such application.

The Trustee, the Manager and their respective delegates and agents each also reserves the right to refuse to make any redemption payment to a Unitholder if the Trustee, the Manager and/or any of their respective delegates and agents suspect or are advised that the payment of redemption proceeds to such Unitholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the relevant Sub-Fund(s) or the Trustee or the Manager with any such laws or regulations in any applicable jurisdiction.

None of the Trustee, the Manager or their respective delegates or agents shall be liable to the prospective investor, his/her beneficiary owner, his/her delegates, connected parties or person purporting to act on behalf of the prospective investor or Unitholder for any loss suffered by such party as a result of the rejection, account blocking or delay of any subscription application, switching, or payment of redemption proceeds.

Definition of "US Person"

"**US Person**" means: (a) a citizen or resident of the United States of America; (b) a partnership, corporation, limited liability company or similar entity, organised or incorporated under the laws of the United States of America, or an entity taxed as such or subject to filing a tax return as such under the United States federal income tax laws; (c) any estate or trust the executor, administrator or trustee of which is a US Person unless, in the case of trusts of which any professional fiduciary acting as trustee is a US Person, a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (d) any estate or trust the income of which from sources without the United States of America is includible in gross income for purposes of computing United States income tax payable by it; (e) any agency or branch of a foreign entity located in the United States of America; (f) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary located within or outside the United States of America for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States of America, except that any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States of America shall not be deemed a US

Person; (h) any firm, corporation or other entity, regardless of citizenship, domicile, situs or residence if, under the income tax laws of the United States of America from time to time in effect, any portion of the income thereof would be taxable to a US Person even if not distributed, other than a passive foreign investment company; (i) any partnership, corporation or other entity if (A) organised or incorporated under the laws of any foreign jurisdiction and (B) owned or formed by a US Person or Persons principally for the purpose of investing in securities not registered under the US Securities Act of 1933 (including but not limited to Units in the Fund); (j) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the law of a country other than the United States of America and customary practices and documentation of such country and is maintained primarily for the benefit of persons substantially all of whom are non-resident aliens with respect to the United States of America; and (k) any other person or entity whose ownership of Units or solicitation for ownership of Units in the Fund, acting through their offices or directors or the Manager (as applicable), shall determine may violate any securities law of the United States of America or any state or other jurisdiction thereof. Except that "US Person" shall not include any person or entity, notwithstanding the fact that such person or entity may come within any of the categories referred to above, as to whom the Manager shall determine that ownership of Units or solicitation for ownership of Units shall not violate any securities law of the United States of America or any state or other jurisdiction thereof. As used herein, "**United States of America**" includes its states, commonwealths, territories, possessions and the District of Columbia.

Conflicts of Interests

The Manager and the Trustee, Registrar and Custodian may from time to time act as trustee, Administrator, transfer agent, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund and/or a Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Fund and/or a Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall manage and minimise any conflict by appropriate safeguards and measures to ensure fair treatment of investors.

In addition, the Manager may enter into trades for the account of a Sub-Fund with (i) the accounts of other clients managed by the Manager or its affiliates, or (ii) its house accounts (i.e. accounts owned by the Manager or any of its Connected Persons over which it can exercise control and influence) ("cross trades"). Such cross trades will only be undertaken in accordance with the relevant requirements promulgated by the SFC.

Liquidity Risk Management Policy

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

The Manager's liquidity risk management policy involves liquidity model which assesses liquidity profile for each Sub-Fund under both standard and stressed market scenarios, and modelling of liquidity demands having regard to factors such as investor concentration and realisation activities.

Liquidity risks will also be monitored at different stages of the investment process on an ongoing basis. This includes, for example, regular monitoring of liquidity at both instruments and Sub-Fund levels, and process for liquidity risks oversight and escalation. The liquidity risk management policy is implemented by designated staff and committees. The oversight of risk management staff and other related responsibility are performed by the Manager's chief risk officer.

In addition, the tools which may be employed by the Manager to manage liquidity risks include:

- Deferred realisations – Please refer to the sub-section entitled "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**" for details.
- Swing pricing and dilution levy - Please refer to the sub-section headed "**H. CALCULATION OF NET ASSET VALUE - Price Adjustment Policy (Swing Pricing and Dilution Levy)**" for details.
- Borrowing facilities for paying realisation proceeds – Please refer to Schedule 1 headed "**INVESTMENT AND BORROWING RESTRICTIONS"** for details.

SCHEDULE 1 – INVESTMENT AND BORROWING RESTRICTIONS

Unless otherwise approved by the SFC and set out in the Appendix applicable to the relevant Sub-Fund, the below investment and borrowing restrictions apply to each Sub-Fund.

1. Investment limitations applicable to each Sub-Fund

No holding of any security may be acquired for or added to a Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund or which would result in or no cash deposits may be made which would result in:-

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the latest available net asset value of the relevant Sub-Fund:

(i) investments in securities issued by that entity;

(ii) exposure to that entity through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

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

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

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

(b) subject to sub-paragraphs 1(a) and 4.4(c) of this Schedule 1, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available net asset value of the relevant Sub-Fund:

(i) investments in securities issued by those entities;

(ii) exposure to those entities through underlying assets of financial derivative instruments (see paragraph 4.3 of this Schedule 1); and

(iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments (see paragraph 4.4 of this Schedule 1).

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

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

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available net asset value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

(i) cash held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

(ii) cash proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

(iii) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions would be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

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

(d) the Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market, exceeding 15% of the latest available net asset value of such Sub-Fund.

(f) the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available net asset value of such Sub-Fund. Subject to the foregoing statement, the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues. For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

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

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

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;

(B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under 8.7 of the Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;

(C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule 1 do not apply to investments in other collective investment schemes by a Sub-Fund;

(bb) the investment by a Sub-Fund in a Qualified Exchange Traded Fund may either be considered and treated as (i) listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of this Schedule 1, or (ii) collective investment schemes for the purposes of and subject to the requirements in sub-paragraphs (g)(i), (g)(ii) and proviso (A) to (C) of sub-paragraph 1(g) of this Schedule. Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Schedule 1 and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule 1 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule 1 apply respectively; and

(dd) where a Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Schedule 1 provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. Investment prohibitions applicable to each Sub-Fund

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

(a) invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;

(b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);

(c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available net asset value; (ii) the security which is to be sold short is actively traded on a Securities Market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

(d) carry out any naked or uncovered short sale of securities;

(e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not subject to such limitations;

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Sub-Fund is limited to their investments in that Sub-Fund;

(g) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued securities of that class; and

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Schedule 1.

3. Feeder Funds

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

(a) such underlying scheme ("**master fund**") must be authorised by the SFC;

(b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Manager or by a Connected Person of the Manager;

(c) notwithstanding proviso (C) to sub-paragraph 1(g) of this Schedule 1, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Schedule 1.

4. Use of financial derivative instruments

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

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

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

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

4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Schedule 1, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g), sub-paragraph 2(b) and proviso (cc) to sub-paragraph 1(g) of this Schedule 1.

4.4 The financial derivative instruments invested by a Sub-Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other public securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;

(c) subject to sub-paragraphs 1(a) and (b) of this Schedule 1, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available net asset value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party service. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, the calculation agent / Administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

4.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

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

(a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

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

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

5. Securities financing transactions

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

5.2 A Sub-Fund shall have at least 100% collateralisation in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions.

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

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

6. Collateral

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

(a) Liquidity – the collateral is sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

(b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(c) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1;

(f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

(g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate;

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

(j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

  (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and Money Market Funds authorised under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

  (ii) non-cash collateral received may not be sold, re-invested or pledged;

  (iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in 8.2(f) and 8.2(n) of the Code;

  (iv) cash collateral received is not allowed to be further engaged in any securities financing transactions;

  (v) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions;

(k) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the Fund and/or Sub-Funds are disclosed in Schedule 2.

7. Borrowing and Leverage

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

Cash borrowing

7.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available net asset value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 7.1.

Leverage from the use of financial derivative instruments

7.2 A Sub-Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

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

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

8. Name of Sub-Fund

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

SCHEDULE 2 – COLLATERAL VALUATION AND MANAGEMENT POLICY

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

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

Nature and quality of the collateral

Collateral with regard to securities financing transactions and OTC derivative transaction must be in the form of cash. Cash collateral may include cash, cash equivalent and money market instruments.

Criteria for selecting counterparties

The Manager's Fund Counterparty Risk Committee ("**FCRC**") is responsible for all investment related aspects of counterparty risk. The FCRC engages CRA ("**Counterparty Risk & Analytics**") to carry out an analysis of the prospective and current counterparties based on a process approved by the FCRC. In this process, potential counterparties must submit their audited financial statements and, in certain circumstances, the financial statements of parent companies and affiliates for review by CRA. They must also provide other information detailing the history and organisational structure of the counterparty. Based on this information, CRA credit analysts determine whether or not the counterparty meets the minimum standards. If these standards are met, the analysts will conduct their own independent, fundamental analysis of the counterparty and assign a proprietary credit rating accordingly. Only counterparties with sufficient financial strength and comply with the relevant requirements under the Code are recommended by CRA for the approved counterparty list.

Valuation of collateral

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

Enforceability of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully and readily enforced by the Manager / Sub-Fund without further recourse to the counterparty.

Haircut policy

Cash collateral received by a Sub-Fund will not be subject to any haircut.

Diversification and correlation of collateral

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

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

Cash collateral reinvestment policy

Cash collateral received by the Sub-Fund in relation to these transactions will not be reinvested unless otherwise specifically permitted for a specific Sub-Fund in the relevant Appendix. In that event, cash collateral received by such Sub-Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Sub-Fund and with the provisions of the Code in (a) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a credit rating of AAA or its equivalent, (b) short-term bank deposits, (c) money market instruments, and (d) short-term bonds issued or guaranteed by an EU member state, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or worldwide scope. Such reinvestment will be taken into account for the calculation of each concerned Sub-Fund's net derivative exposure relating to derivative instruments, in particular if it creates a leverage effect.

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

Safe-keeping of collateral

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

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

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

APPENDIX 1 – SHORT DURATION QUALITY INCOME FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the Short Duration Quality Income Fund ("**Sub-Fund**"), a sub-fund of the Fund.

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	a period of five years starting from the launch date of the Sub-Fund, or such other period as the Manager after consultation with the Auditors shall determine
"Base Currency"	USD
"Initial Offer Period"	such period or dates as the Manager may determine
"Dealing Day"	each Business Day or such other day or days as the Manager may determine upon agreement with the Trustee, either generally or in respect of a particular Class or Classes of Units, provided that if the markets in which a majority of the assets of the Sub-Fund are traded are closed on any Business Day, the Manager may determine that such day is not a Dealing Day for Units of the Sub-Fund
"Dealing Deadline"	5:00 p.m. (Hong Kong time) on the relevant Dealing Day or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold. The Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.
"Sub-Fund"	Short Duration Quality Income Fund
"Valuation Day"	each Business Day on which the net asset value of the Sub-Fund and/or the net asset value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and subject to the Trust Deed, in relation to each Dealing Day of any Class or Classes of Units means either such Dealing Day or such other Business Day or day as the Manager may from time to time determine in its absolute discretion, either generally or in relation to a particular Class of Units.

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund aims to provide an attractive level of risk adjusted total return (i.e. regular income plus capital appreciation) from a portfolio of short duration debt securities issued worldwide.

Investment Policies

The Sub-Fund invests primarily (i.e. at least 70% of its net asset value) in a broad range of fixed income securities and money market instruments which are issued by governments, government agencies/entities, central or reserve banks, multilateral international agencies (e.g. African Export-Import Bank) or corporate issuers worldwide, with a weighted average portfolio duration of below 2 years. The Sub-Fund may invest in such securities issued in developed or emerging market countries. The Sub-Fund is actively managed and its portfolio is not constrained by reference to any index. The relevant securities and instruments may be of fixed or floating rate.

The fixed income securities and money market instruments that the Sub-Fund may invest include bonds, bonds with warrants, convertible bonds, hybrids (subordinated instruments that have more equity-like features), contingent convertible bonds ("**CoCos**"), subordinated bonds, dim sum bonds (i.e. bonds issued outside of Mainland China but denominated in Renminbi), debentures and notes (including freely transferable notes and freely transferable promissory notes). They will include fixed and floating rate securities and investment grade, high yield and unrated debt securities*, and the Manager will seek to maintain an average credit rating, across the portfolio, of at least investment grade, subject to the below:

- The Sub-Fund may invest less than 30% of its net asset value in aggregate in (i) urban investment bonds, which are debt instruments issued by Mainland local government financing vehicles ("**LGFVs**"), (ii) below investment grade and/or (iii) unrated debt securities. LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

- The Sub-Fund may invest up to 20% of its net asset value in onshore Mainland China securities, including onshore Mainland China fixed income securities via CIBM, via Bond Connect or via the QFI status of the Manager.

- The Sub-Fund may also invest less than 30% of its net asset value in collateralised and/or securitised products such as asset-backed securities (including Sukuk, which are Islamic debt instruments that are generally asset-based or asset-backed), being securities that derive interest and principal payments from specified assets. These assets include mortgages (both residential and commercial) and pools of other kinds of receivables (e.g. payments owed by a debtor (whether corporate or consumer) to a creditor, such as credit card debt, consumer loan repayments, royalties). The asset-backed securities may be issued by government entities or be privately issued. The asset-backed securities may be backed by payments from the underlying borrower(s) that are interest-only, principal-only or a combination of both.

- The Sub-Fund may invest less than 30% of its net asset value in instruments with loss-absorption features (which may include instruments classified as additional Tier 1/Tier 2 capital instruments, CoCos, non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution) in compliance with its investment policy and limits, with less than 10% of its total net asset value to be invested in CoCos. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

- The Sub-Fund may invest up to 10% of its net asset value in debt securities issued or guaranteed by a single sovereign issuer which is below investment grade.

* Investment grade securities are highly rated securities, generally those that are assigned a credit rating of BBB- or higher from Standard & Poor's or equivalent rating from an internationally recognised credit rating agency (in case of divergent credit ratings, the worst of the best two credit ratings applies), while high yield securities are medium or lower rated securities, generally those not rated as investment grade. "**Unrated debt securities**" is defined as a debt security which neither the debt security itself nor its issuer has a credit rating.

In addition, the Sub-Fund may invest up to 10% of its net asset value in collective investment schemes (including Qualified Exchange Traded Funds) which are themselves exposed to investments that are similar to the Sub-Fund's other investments.

In exceptional market circumstances, the Sub-Fund may hold up to 100% of its net asset value in cash for cash flow management or reducing market exposure.

The Manager will not focus on any particular market sector or industry and investments may be in a number of sectors, including but not limited to the financial services, industrials, and technology sectors. The Manager will approach investment opportunities from a total return perspective, benefiting not only from the debt securities' regular coupon payments but also from capital appreciation. The Manager will seek to deliver attractive risk adjusted returns by extracting the highest level of return per unit of risk or minimising the risk for each unit of return. Accordingly, for every level of risk the Manager will look for debt securities with the most attractive yield and for any level of yield, the Manager will aim to purchase debt securities with the lowest level of risk. The Manager believes that this approach results in a portfolio that has an attractive total return per unit of risk taken. The selection of investments shall be driven by bottom-up security selection, based on fundamental and relative-value credit analysis.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in "**Schedule 1 - Investment and Borrowing Restrictions**" of the Explanatory Memorandum.

Use of Derivatives

The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes.

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

Securities Financing Transactions

The Manager currently does not intend to enter into any securities financing transactions in respect of the Sub-Fund.

RISK FACTORS

Investors should take note of the risks associated with investment in the Sub-Fund as set out in the "Risk Factors" section in the Explanatory Memorandum, in particular those risk factors which are identified as applicable to the Sub-Fund in the table under the "Risk Factors" section.

INVESTING IN THE SUB-FUND AND REALISATION OF UNITS

Classes of Units

The following Classes of Units set out below are offered by the Sub-Fund:

Class	Class Currency
Class A-DIS-USD	USD
Class A-DIS-HKD	HKD
Class A-HDIS-RMB (Hedged)	RMB

*Note: Please refer to the sub-section headed "**E. UNIT CLASSES IN ISSUE - Distribution Policy**" for further details on the distribution policy for each Class of Units.*

Minimum subscription level

Not applicable

Initial Offer Price

For USD-denominated Unit Class: USD 10 per Unit

For HKD-denominated Unit Class: HKD 10 per Unit

For RMB-denominated Unit Class: RMB 100 per Unit

Minimum initial subscription amount

For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

Minimum subsequent subscription amount

For all Class A Units: USD 1,000 (or the equivalent in the relevant Class Currency)

Minimum redemption amount

N/A

Minimum holding amount

For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

SWITCHING

Unitholders shall be entitled to switch all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or switching. Units of a Class can only be switched into Units of the same Class of another Sub-Fund.

VALUATION AND SUSPENSION

Please refer to the circumstances set out in the Explanatory Memorandum under the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**".

DISTRIBUTION POLICY

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. Please refer to the sub-section headed "**E. UNIT CLASSES IN ISSUE - Distribution Policy**" section for details.

Distributions (if any) shall be distributed among the Unitholders of the relevant Classes of Units rateably in accordance with the number of Units held by them on the record date. The record date for the Sub-Fund will be the last Business Day of each preceding calendar month (or such other day as the Manager may determine and notify to Unitholders. If such day is not a Business Day, the record date will be the immediately preceding Business Day.

The composition of dividends, that is, the relative amounts paid out of (i) net distributable income, and (ii) capital, for the last 12 months are available from the Manager on request and also on the Sub-Fund's website: www.fidelity.com.hk. This website has not been reviewed by the SFC.

FEES AND EXPENSES

<u>Fees payable by investors</u>:

Class	For all Class A Units
Initial charge (% of Initial Offer Price or issue price, as the case may be)	Up to 3.50%
Realisation charge (% of realisation price)	Nil
Switching fee (% of the issue price of the New Class)	Up to 3.50%

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

Class	For all Class A Units	
	Current	**Maximum**
Investment management fee (% net asset value of the relevant Class per annum)	up to 0.75%	2.00%
Trustee fee (% net asset value of the Sub-Fund per annum)	0.0175%	1.00%
Administrator fee (% net asset value of the Sub-Fund per annum)	On the first US$100 million 0.0245% On the next US$150 million 0.0210% On the balance over US$250 million 0.0175%	0.0245%

Establishment Costs

The establishment costs of the Fund and the Sub-Fund are approximately HK$971,177 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.

General Expenses

Please refer to the section headed "**I. FEES, CHARGES AND EXPENSES**" for further details.

GENERAL INFORMATION

Financial Reports

The first unaudited interim report in respect of the Sub-Fund will be published for the period ended on 30 June 2023. The first annual report in respect of the Sub-Fund will be published for the period from the launch of the Sub-Fund to 31 December 2023.

Documents Available for Inspection

Please refer to the section headed "**K. GENERAL INFORMATION**" in the Explanatory Memorandum.

APPENDIX 2 – GLOBAL TARGET 2033 FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the Global Target 2033 Fund ("**Sub-Fund**"), a sub-fund of the Fund.

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	a period of five years starting from the launch date of the Sub-Fund, or such other periods as the Manager after consultation with the Auditor shall determine
"Base Currency"	USD
"Business Day"	any day other than Saturday or Sunday, on which banks in Hong Kong and United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rainstorm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree
"Initial Offer Period"	such period or dates as the Manager may determine
"Dealing Day"	each Business Day or such other day or days as the Manager may determine upon agreement with the Trustee, either generally or in respect of a particular Class or Classes of Units, provided that if the markets in which a majority of the assets of the Sub-Fund are traded are closed on any Business Day, the Manager may determine that such day is not a Dealing Day for Units of the Sub-Fund
"Dealing Deadline"	5:00 p.m. (Hong Kong time) on the relevant Dealing Day or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold. The Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned
"Sub-Fund"	Global Target 2033 Fund
"Valuation Day"	each Business Day on which the net asset value of the Sub-Fund and/or the net asset value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and subject to the Trust Deed, in relation to each Dealing Day of any Class or Classes of Units means either such Dealing Day or such other Business Day or day as the Manager may from time to time determine in its absolute discretion, either generally or in relation to a particular Class of Units.

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund aims to achieve long term capital growth for investors to approximately December 2033 ("**Target Year**").

Investment Policies

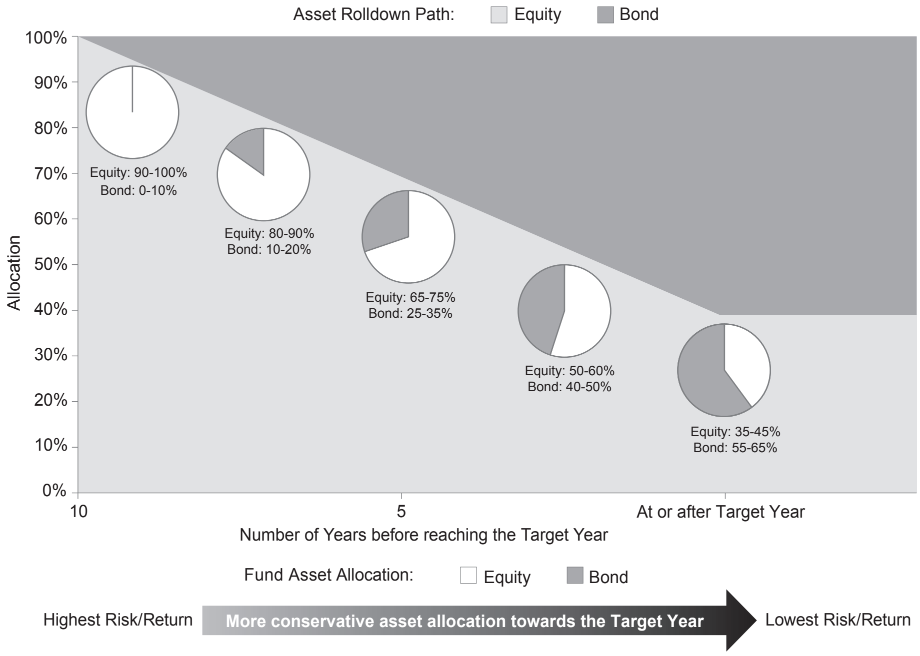
The Sub-Fund will invest primarily (i.e. at least 70% of the Sub-Fund's net asset value) in other collective investment schemes and exchange traded funds (ETFs), and aims to invest in a wide range of investments covering markets throughout the world (including emerging markets). In addition to the foregoing, the Sub-Fund may invest up to 30% of its net asset value directly in securities such as equities and bonds. It is designed to provide for a prescribed shift in asset allocation during the duration of the Sub-Fund; initially starting with a greater exposure to equities (achieved by investing directly in equities and in underlying schemes investing into equities) to a reduction in equities exposure and an increase in exposures to less volatile assets such as bonds (achieved by reducing exposure to equities and increasing investments in less volatile assets and in underlying schemes investing into such less volatile assets). Such shift in asset allocation will be subject to the investment limits set out above and based on the indicative asset allocations detailed below.

The Sub-Fund will have direct and indirect exposure of up to 100% of its net asset value to equities at launch. The de-risking of this Sub-Fund will start in 2023 (i.e. 10 years before the Target Year), and as the Sub-Fund draws closer to its Target Year, the Sub-Fund would have greater exposure to less volatile assets such as bonds via direct investment or underlying schemes investing into such assets. The Sub-Fund's direct and indirect aggregate exposure to equities and bonds shall generally be in line with the Asset Rolldown Chart disclosed below.

The Sub-Fund may also hold cash to meet redemption requests and for general liquidity management purposes.

Asset Rolldown Chart

The Asset Rolldown Chart below provides a simple method for investors to view the **indicative** asset allocations and also the shift in their risk/return profile over the duration of the Sub-Fund. Investors are reminded that this is an **indicative** rolldown and that at any particular given point in time actual portfolios may at times vary considerably from that shown below as market, political, structural, economic and other conditions change. The actual asset allocations in respect of the Sub-Fund may change at the Manager's discretion without Unitholders' approval, notice to Unitholders or approval from the SFC.



The Sub-Fund will only invest in underlying schemes which are authorised by the SFC[2] or eligible schemes as defined in the Code, except that not more than 10% of the Sub-Fund's net asset value may be invested in non-eligible schemes which are not authorised by the SFC. Investment in a single underlying scheme will not exceed 30% of the Sub-Fund's net asset value.

For the purpose herein, the investment by the Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of Schedule 1 of the Explanatory Memorandum.

As the Sub-Fund may invest globally, it may invest across different industry sectors, countries and regions. It is unconstrained in the amount that it may invest in an industry sector, country or region. Similarly, the Sub-Fund does not have explicit restrictions on currency exposure and will be exposed to both emerging and developed market currencies. The Sub-Fund invests across a range of market capitalisations without any capitalisation restriction.

The Sub-Fund may have exposure of less than 30% of its net asset value in instruments with loss-absorption features (which may include instruments classified as additional Tier 1/Tier 2 capital instruments, contingent convertible debt securities, commonly known as CoCos, non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

It is expected that the Sub-Fund aims to achieve long term capital growth until the end of the Target Year, i.e. December 2033. However, the Sub-Fund will not automatically terminate at the end of the Target Year and may extend beyond the Target Year. If the Sub-Fund continues to be managed post Target Year, it will be managed in accordance with the investment objective and policies adopted immediately before the Target Year, i.e. it will continue to have greater exposure to bonds, and smaller exposure to equities. For details, please refer to the Asset Rolldown Chart above.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in "**Schedule 1 - Investment and Borrowing Restrictions**" of the Explanatory Memorandum.

[2] The SFC's authorisation is not a recommendation or endorsement of the underlying schemes nor does it guarantee the commercial merits of the underlying schemes or their performance. It does not mean the underlying schemes are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Use of Derivatives	The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes. The Sub-Fund may invest in eligible schemes with net derivative exposure of up to 100% of their net asset value. The Sub-Fund may also invest in other underlying schemes which (i) may not use financial derivative instruments extensively for investment purposes or (ii) the net derivative exposure of which may be less than 50% of their net asset value. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available net asset value.
Securities Financing Transactions	The Manager currently does not intend to enter into any securities financing transactions in respect of the Sub-Fund.

RISK FACTORS

Investors should take note of the risks associated with investment in the Sub-Fund as set out in the "Risk Factors" section in the Explanatory Memorandum, in particular those risk factors which are identified as applicable to the Sub-Fund in the table under the "Risk Factors" section.

INVESTING IN THE SUB-FUND AND REALISATION OF UNITS

Classes of Units

The following Classes of Units set out below are offered by the Sub-Fund:

Class	Class Currency
Class A-ACC-USD	USD
Class A-ACC-HKD	HKD
Class A-ACC-RMB (Hedged)	RMB

*Note: Please refer to the sub-section headed "**E. UNIT CLASSES IN ISSUE - Distribution Policy**" for further details on the distribution policy for each Class of Units.*

Minimum subscription level	Not applicable
Initial Offer Price	For USD-denominated Unit Class: USD 10 per Unit For HKD-denominated Unit Class: HKD 10 per Unit For RMB-denominated Unit Class: RMB 100 per Unit
Minimum initial subscription amount	For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)
Minimum subsequent subscription amount	For all Class A Units: USD 1,000 (or the equivalent in the relevant Class Currency)
Minimum redemption amount	N/A
Minimum holding amount	For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

SWITCHING

Unitholders shall be entitled to switch all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or switching. Units of a Class can only be switched into Units of the same Class of another Sub-Fund.

VALUATION AND SUSPENSION

Please refer to the circumstances set out in the Explanatory Memorandum under the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**".

DISTRIBUTION POLICY

No dividends will be paid for accumulating Units. All interest and other income earned on the investment will be accumulated.

FEES AND EXPENSES

<u>Fees payable by investors</u>:

Class	**For all Class A Units**
Initial charge (% of Initial Offer Price or issue price, as the case may be)	Up to 3.50%
Realisation charge (% of realisation price)	Nil
Switching fee (% of the issue price of the New Class)	Up to 3.50%

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

Class	**For all Class A Units**	
	Current	**Maximum**
Investment management fee (% net asset value of the relevant Class per annum)	Up to 1.25% p.a. of the net asset value and will be reduced to "*up to 1.0% p.a. of the net asset value*" on 1 January 2028	2.0%
Trustee fee (% net asset value of the Sub-Fund per annum)	0.0175%	1.0%
Administrator fee (% net asset value of the Sub-Fund per annum)	On the first US$100 million 0.0245% On the next US$150 million 0.0210% On the balance over US$250 million 0.0175%	0.0245%

Establishment Costs

The establishment costs of the Sub-Fund is approximately HK$260,133 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.

General Expenses

Please refer to the section headed "**I. FEES, CHARGES AND EXPENSES**" for further details.

GENERAL INFORMATION

Financial Reports

The first unaudited interim report in respect of the Sub-Fund will be published for the period ended on 30 June 2023. The first annual report in respect of the Sub-Fund will be published for the period from the launch of the Sub-Fund to 31 December 2023.

Documents Available for Inspection

Please refer to the section headed "**K. GENERAL INFORMATION**" in the Explanatory Memorandum.

APPENDIX 3 – GLOBAL TARGET 2038 FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the Global Target 2038 Fund ("**Sub-Fund**"), a sub-fund of the Fund.

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	a period of five years starting from the launch date of the Sub-Fund, or such other periods as the Manager after consultation with the Auditor shall determine
"Base Currency"	USD
"Business Day"	any day other than Saturday or Sunday, on which banks in Hong Kong and United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rainstorm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree
"Initial Offer Period"	such period or dates as the Manager may determine
"Dealing Day"	each Business Day or such other day or days as the Manager may determine upon agreement with the Trustee, either generally or in respect of a particular Class or Classes of Units, provided that if the markets in which a majority of the assets of the Sub-Fund are traded are closed on any Business Day, the Manager may determine that such day is not a Dealing Day for Units of the Sub-Fund
"Dealing Deadline"	5:00 p.m. (Hong Kong time) on the relevant Dealing Day or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold. The Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned
"Sub-Fund"	Global Target 2038 Fund
"Valuation Day"	each Business Day on which the net asset value of the Sub-Fund and/or the net asset value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and subject to the Trust Deed, in relation to each Dealing Day of any Class or Classes of Units means either such Dealing Day or such other Business Day or day as the Manager may from time to time determine in its absolute discretion, either generally or in relation to a particular Class of Units.

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund aims to achieve long term capital growth for investors to approximately December 2038 ("**Target Year**").

Investment Policies

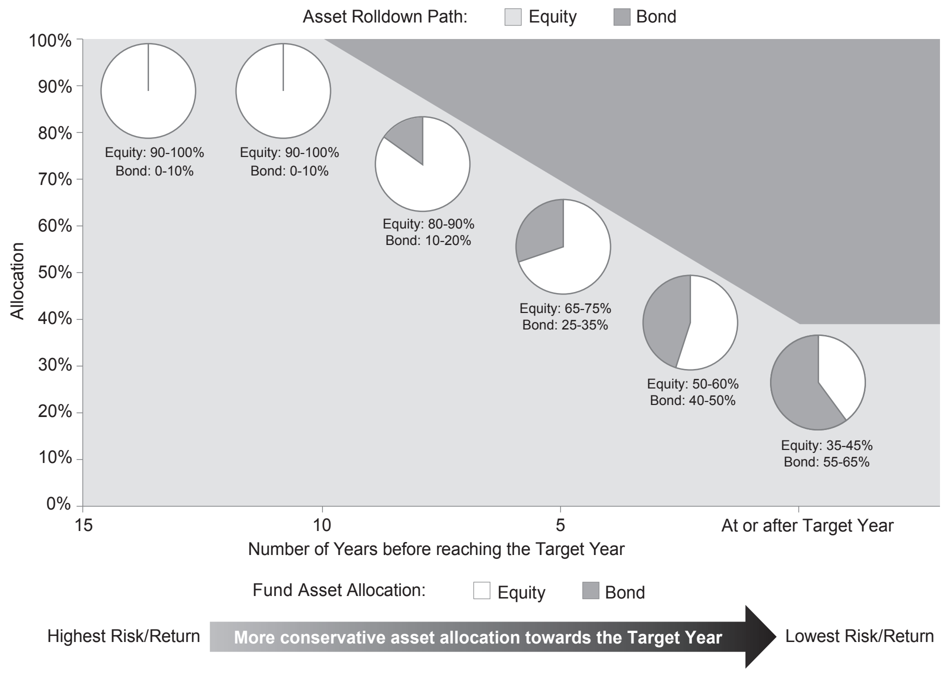
The Sub-Fund will invest primarily (i.e. at least 70% of the Sub-Fund's net asset value) in other collective investment schemes and exchange traded funds (ETFs), and aims to invest in a wide range of investments covering markets throughout the world (including emerging markets). In addition to the foregoing, the Sub-Fund may invest up to 30% of its net asset value directly in securities such as equities and bonds. It is designed to provide for a prescribed shift in asset allocation during the duration of the Sub-Fund; initially starting with a greater exposure to equities (achieved by investing directly in equities and in underlying schemes investing into equities) to a reduction in equities exposure and an increase in exposures to less volatile assets such as bonds (achieved by reducing exposure to equities and increasing investments in less volatile assets and in underlying schemes investing into such less volatile assets). Such shift in asset allocation will be subject to the investment limits set out above and based on the indicative asset allocations detailed below.

The Sub-Fund will have direct and indirect exposure of up to 100% of its net asset value to equities at launch. The de-risking of this Sub-Fund will start in 2028 (i.e. 10 years before the Target Year), and as the Sub-Fund draws closer to its Target Year, the Sub-Fund would have greater exposure to less volatile assets such as bonds via direct investment or underlying schemes investing into such assets. The Sub-Fund's direct and indirect aggregate exposure to equities and bonds shall generally be in line with the Asset Rolldown Chart disclosed below.

The Sub-Fund may also hold cash to meet redemption requests and for general liquidity management purposes.

Asset Rolldown Chart

The Asset Rolldown Chart below provides a simple method for investors to view the **indicative** asset allocations and also the shift in their risk/return profile over the duration of the Sub-Fund. Investors are reminded that this is an **indicative** rolldown and that at any particular given point in time actual portfolios may at times vary considerably from that shown below as market, political, structural, economic and other conditions change. The actual asset allocations in respect of the Sub-Fund may change at the Manager's discretion without Unitholders' approval, notice to Unitholders or approval from the SFC.



The Sub-Fund will only invest in underlying schemes which are authorised by the SFC[3] or eligible schemes as defined in the Code, except that not more than 10% of the Sub-Fund's net asset value may be invested in non-eligible schemes which are not authorised by the SFC. Investment in a single underlying scheme will not exceed 30% of the Sub-Fund's net asset value.

For the purpose herein, the investment by the Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of Schedule 1 of the Explanatory Memorandum.

As the Sub-Fund may invest globally, it may invest across different industry sectors, countries and regions. It is unconstrained in the amount that it may invest in an industry sector, country or region. Similarly, the Sub-Fund does not have explicit restrictions on currency exposure and will be exposed to both emerging and developed market currencies. The Sub-Fund invests across a range of market capitalisations without any capitalisation restriction.

The Sub-Fund may have exposure of less than 30% of its net asset value in instruments with loss-absorption features (which may include instruments classified as additional Tier 1/Tier 2 capital instruments, contingent convertible debt securities, commonly known as CoCos, non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

It is expected that the Sub-Fund aims to achieve long term capital growth until the end of the Target Year, i.e. December 2038. However, the Sub-Fund will not automatically terminate at the end of the Target Year and may extend beyond the Target Year. If the Sub-Fund continues to be managed post Target Year, it will be managed in accordance with the investment objectives and policies adopted immediately before the Target Year, i.e. it will continue to have greater exposure to bonds, and smaller exposure to equities. For details, please refer to the Asset Rolldown Chart above.

[3] The SFC's authorisation is not a recommendation or endorsement of the underlying schemes nor does it guarantee the commercial merits of the underlying schemes or their performance. It does not mean the underlying schemes are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment and Borrowing Restrictions	The Sub-Fund is subject to the investment and borrowing restrictions as set out in "**Schedule 1 - Investment and Borrowing Restrictions**" of the Explanatory Memorandum.
Use of Derivatives	The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes. The Sub-Fund may invest in eligible schemes with net derivative exposure of up to 100% of their net asset value. The Sub-Fund may also invest in other underlying schemes which (i) may not use financial derivative instruments extensively for investment purposes or (ii) the net derivative exposure of which may be less than 50% of their net asset value. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available net asset value.
Securities Financing Transactions	The Manager currently does not intend to enter into any securities financing transactions in respect of the Sub-Fund.

RISK FACTORS

Investors should take note of the risks associated with investment in the Sub-Fund as set out in the "Risk Factors" section in the Explanatory Memorandum, in particular those risk factors which are identified as applicable to the Sub-Fund in the table under the "Risk Factors" section.

INVESTING IN THE SUB-FUND AND REALISATION OF UNITS

Classes of Units

The following Classes of Units set out below are offered by the Sub-Fund:

Class	Class Currency
Class A-ACC-USD	USD
Class A-ACC-HKD	HKD
Class A-ACC-RMB (Hedged)	RMB

*Note: Please refer to the sub-section headed "**E. UNIT CLASSES IN ISSUE - Distribution Policy**" for further details on the distribution policy for each Class of Units.*

Minimum subscription level	Not applicable
Initial Offer Price	For USD-denominated Unit Class: USD 10 per Unit For HKD-denominated Unit Class: HKD 10 per Unit For RMB-denominated Unit Class: RMB 100 per Unit
Minimum initial subscription amount	For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)
Minimum subsequent subscription amount	For all Class A Units: USD 1,000 (or the equivalent in the relevant Class Currency)
Minimum redemption amount	N/A
Minimum holding amount	For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

SWITCHING

Unitholders shall be entitled to switch all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or switching. Units of a Class can only be switched into Units of the same Class of another Sub-Fund.

VALUATION AND SUSPENSION

Please refer to the circumstances set out in the Explanatory Memorandum under the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**".

DISTRIBUTION POLICY

No dividends will be paid for accumulating Units. All interest and other income earned on the investment will be accumulated.

FEES AND EXPENSES

Fees payable by investors:

Class	**For all Class A Units**
Initial charge (% of Initial Offer Price or issue price, as the case may be)	Up to 3.50%
Realisation charge (% of realisation price)	Nil
Switching fee (% of the issue price of the New Class)	Up to 3.50%

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

Class	**For all Class A Units**		
	Current		**Maximum**
Investment management fee (% net asset value of the relevant Class per annum)	Up to 1.5% p.a. of the net asset value and will be reduced to "*up to 1.25% p.a. of the net asset value*" on 1 January 2028 and will be reduced further to "*up to 1.0 % p.a. of the net asset value*" on 1 January 2033		2.0%
Trustee fee (% net asset value of the Sub-Fund per annum)	0.0175%		1.0%
Administrator fee (% net asset value of the Sub-Fund per annum)	On the first US$100 million	0.0245%	0.0245%
	On the next US$150 million	0.0210%	
	On the balance over US$250 million	0.0175%	

Establishment Costs

The establishment costs of the Sub-Fund is approximately HK$260,133 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.

General Expenses

Please refer to the section headed "**I. FEES, CHARGES AND EXPENSES**" for further details.

GENERAL INFORMATION

Financial Reports

The first unaudited interim report in respect of the Sub-Fund will be published for the period ended on 30 June 2023. The first annual report in respect of the Sub-Fund will be published for the period from the launch of the Sub-Fund to 31 December 2023.

Documents Available for Inspection

Please refer to the section headed "**K. GENERAL INFORMATION**" in the Explanatory Memorandum.

APPENDIX 4 – GLOBAL TARGET 2043 FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the Global Target 2043 Fund ("**Sub-Fund**"), a sub-fund of the Fund.

PRINCIPAL TERMS

DEFINITIONS

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

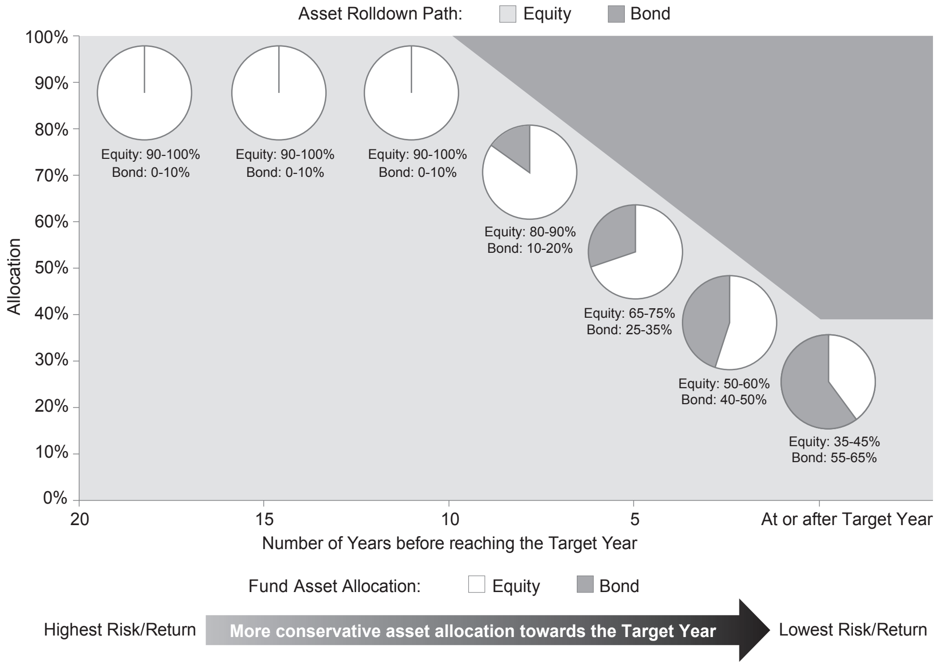
"Amortisation Period"	a period of five years starting from the launch date of the Sub-Fund, or such other periods as the Manager after consultation with the Auditor shall determine
"Base Currency"	USD
"Business Day"	any day other than Saturday or Sunday, on which banks in Hong Kong and United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rainstorm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree
"Initial Offer Period"	such period or dates as the Manager may determine
"Dealing Day"	each Business Day or such other day or days as the Manager may determine upon agreement with the Trustee, either generally or in respect of a particular Class or Classes of Units, provided that if the markets in which a majority of the assets of the Sub-Fund are traded are closed on any Business Day, the Manager may determine that such day is not a Dealing Day for Units of the Sub-Fund
"Dealing Deadline"	5:00 p.m. (Hong Kong time) on the relevant Dealing Day or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold. The Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned
"Sub-Fund"	Global Target 2043 Fund
"Valuation Day"	each Business Day on which the net asset value of the Sub-Fund and/or the net asset value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and subject to the Trust Deed, in relation to each Dealing Day of any Class or Classes of Units means either such Dealing Day or such other Business Day or day as the Manager may from time to time determine in its absolute discretion, either generally or in relation to a particular Class of Units.

INVESTMENT CONSIDERATIONS

Investment Objective	The Sub-Fund aims to achieve long term capital growth for investors to approximately December 2043 ("**Target Year**").
Investment Policies	The Sub-Fund will invest primarily (i.e. at least 70% of the Sub-Fund's net asset value) in other collective investment schemes and exchange traded funds (ETFs), and aims to invest in a wide range of investments covering markets throughout the world (including emerging markets). In addition to the foregoing, the Sub-Fund may invest up to 30% of its net asset value directly in securities such as equities and bonds. It is designed to provide for a prescribed shift in asset allocation during the duration of the Sub-Fund; initially starting with a greater exposure to equities (achieved by investing directly in equities and in underlying schemes investing into equities) to a reduction in equities exposure and an increase in exposures to less volatile assets such as bonds (achieved by reducing exposure to equities and increasing investments in less volatile assets and in underlying schemes investing into such less volatile assets). Such shift in asset allocation will be subject to the investment limits set out above and based on the indicative asset allocations detailed below. The Sub-Fund will have direct and indirect exposure of up to 100% of its net asset value to equities at launch. The de-risking of this Sub-Fund will start in 2033 (i.e. 10 years before the Target Year), and as the Sub-Fund draws closer to its Target Year, the Sub-Fund would have greater exposure to less volatile assets such as bonds via direct investment or underlying schemes investing into such assets. The Sub-Fund's direct and indirect aggregate exposure to equities and bonds shall generally be in line with the Asset Rolldown Chart disclosed below. The Sub-Fund may also hold cash to meet redemption requests and for general liquidity management purposes.

Asset Rolldown Chart

The Asset Rolldown Chart below provides a simple method for investors to view the **indicative** asset allocations and also the shift in their risk/return profile over the duration of the Sub-Fund. Investors are reminded that this is an **indicative** rolldown and that at any particular given point in time actual portfolios may at times vary considerably from that shown below as market, political, structural, economic and other conditions change. The actual asset allocations in respect of the Sub-Fund may change at the Manager's discretion without Unitholders' approval, notice to Unitholders or approval from the SFC.



The Sub-Fund will only invest in underlying schemes which are authorised by the SFC[4] or eligible schemes as defined in the Code, except that not more than 10% of the Sub-Fund's net asset value may be invested in non-eligible schemes which are not authorised by the SFC. Investment in a single underlying scheme will not exceed 30% of the Sub-Fund's net asset value.

For the purpose herein, the investment by the Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of Schedule 1 of the Explanatory Memorandum.

As the Sub-Fund may invest globally, it may invest across different industry sectors, countries and regions. It is unconstrained in the amount that it may invest in an industry sector, country or region. Similarly, the Sub-Fund does not have explicit restrictions on currency exposure and will be exposed to both emerging and developed market currencies. The Sub-Fund invests across a range of market capitalisations without any capitalisation restriction.

The Sub-Fund may have exposure of less than 30% of its net asset value in instruments with loss-absorption features (which may include instruments classified as additional Tier 1/Tier 2 capital instruments, contingent convertible debt securities, commonly known as CoCos, non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

It is expected that the Sub-Fund aims to achieve long term capital growth until the end of the Target Year, i.e. December 2043. However, the Sub-Fund will not automatically terminate at the end of the Target Year and may extend beyond the Target Year. If the Sub-Fund continues to be managed post Target Year, it will be managed in accordance with the investment objective and policies adopted immediately before the Target Year, i.e. it will continue to have greater exposure to bonds, and smaller exposure to equities. For details, please refer to the Asset Rolldown Chart above.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in "**Schedule 1 - Investment and Borrowing Restrictions**" of the Explanatory Memorandum.

4 The SFC's authorisation is not a recommendation or endorsement of the underlying schemes nor does it guarantee the commercial merits of the underlying schemes or their performance. It does not mean the underlying schemes are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Use of Derivatives

The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes.

The Sub-Fund may invest in eligible schemes with net derivative exposure of up to 100% of their net asset value. The Sub-Fund may also invest in other underlying schemes which (i) may not use financial derivative instruments extensively for investment purposes or (ii) the net derivative exposure of which may be less than 50% of their net asset value.

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

Securities Financing Transactions

The Manager currently does not intend to enter into any securities financing transactions in respect of the Sub-Fund.

RISK FACTORS

Investors should take note of the risks associated with investment in the Sub-Fund as set out in the "Risk Factors" section in the Explanatory Memorandum, in particular those risk factors which are identified as applicable to the Sub-Fund in the table under the "Risk Factors" section.

INVESTING IN THE SUB-FUND AND REALISATION OF UNITS

Classes of Units

The following Classes of Units set out below are offered by the Sub-Fund:

Class	Class Currency
Class A-ACC-USD	USD
Class A-ACC-HKD	HKD
Class A-ACC-RMB (Hedged)	RMB

*Note: Please refer to the sub-section headed "**E. UNIT CLASSES IN ISSUE - Distribution Policy**" for further details on the distribution policy for each Class of Units.*

Minimum subscription level

Not applicable

Initial Offer Price

For USD-denominated Unit Class: USD 10 per Unit

For HKD-denominated Unit Class: HKD 10 per Unit

For RMB-denominated Unit Class: RMB 100 per Unit

Minimum initial subscription amount

For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

Minimum subsequent subscription amount

For all Class A Units: USD 1,000 (or the equivalent in the relevant Class Currency)

Minimum redemption amount

N/A

Minimum holding amount

For all Class A Units: USD 2,500 (or the equivalent in the relevant Class Currency)

SWITCHING

Unitholders shall be entitled to switch all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or switching. Units of a Class can only be switched into Units of the same Class of another Sub-Fund.

VALUATION AND SUSPENSION

Please refer to the circumstances set out in the Explanatory Memorandum under the sub-section headed "**G. ISSUE, REALISATION AND SWITCHING OF UNITS - Limitation and Suspension**".

DISTRIBUTION POLICY

No dividends will be paid for accumulating Units. All interest and other income earned on the investment will be accumulated.

FEES AND EXPENSES

Fees payable by investors:

Class	**For all Class A Units**
Initial charge (% of Initial Offer Price or issue price, as the case may be)	Up to 3.50%
Realisation charge (% of realisation price)	Nil
Switching fee (% of the issue price of the New Class)	Up to 3.50%

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

Class	**For all Class A Units**		
	Current		**Maximum**
Investment management fee (% net asset value of the relevant Class per annum)	Up to 1.5% p.a. of the net asset value and will be reduced to "*up to 1.25% p.a. of the net asset value*" on 1 January 2033 and will be reduced further to "*up to 1.0% p.a. of the net asset value*" on 1 January 2038		2.0%
Trustee fee (% net asset value of the Sub-Fund per annum)	0.0175%		1.0%
Administrator fee (% net asset value of the Sub-Fund per annum)	On the first US$100 million	0.0245%	0.0245%
	On the next US$150 million	0.0210%	
	On the balance over US$250 million	0.0175%	

Establishment Costs

The establishment costs of the Sub-Fund is approximately HK$260,133 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.

General Expenses

Please refer to the section headed "**I. FEES, CHARGES AND EXPENSES**" for further details.

GENERAL INFORMATION

Financial Reports

The first unaudited interim report in respect of the Sub-Fund will be published for the period ended on 30 June 2023. The first annual report in respect of the Sub-Fund will be published for the period from the launch of the Sub-Fund to 31 December 2023.

Documents Available for Inspection

Please refer to the section headed "**K. GENERAL INFORMATION**" in the Explanatory Memorandum.