

# PROSPECTUS

Dated 24 April 2018

- **Nikko AM China Onshore Fund Series**  
– Nikko AM China Equity Fund

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## **DIRECTORY**

### **Managers**

Nikko Asset Management Asia Limited  
(Company Registration Number: 198202562H)  
12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961

### **Trustee**

BNP Paribas Trust Services Singapore Limited  
(Company Registration No.: 200800851W)  
20 Collyer Quay, #01-01, Singapore 049319

### **Investment Advisor**

Rongtong Global Investment Limited  
Unit 902, 9/F, 100 Queen's Road Central,  
Hong Kong

### **Auditors**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One, East Tower, Level 12, Singapore 018936

### **Custodians**

#### Singapore Custodian

BNP Paribas Securities Services, operating through its Singapore Branch  
(Company Registration No.: T08FC7287D)  
20 Collyer Quay, #01-01, Singapore 049319

#### China Custodian

HSBC Bank (China) Company Limited  
33<sup>rd</sup> Floor, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong, Shanghai, China (200120)

**Solicitors to the Managers**

Chan & Goh LLP

50 Craig Road, #03-01, Singapore 089688

**Solicitors to the Trustee**

Dentons Rodyk & Davidson LLP

80 Raffles Place, #33-00, UOB Plaza 1, Singapore 048624

## NIKKO AM CHINA ONSHORE FUND SERIES

### Important Information

Nikko Asset Management Asia Limited (the “**Managers**”) accepts full responsibility for the accuracy of the information contained in this Prospectus of the **Nikko AM China Equity Fund**, a sub-fund (“**Sub-Fund**”) of the **Nikko AM China Onshore Fund Series** (the “**Fund**”), and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no material facts the omission of which would make any statement herein misleading.

You should refer to the relevant provisions of the trust deed constituting the Fund (the “**Deed**”) and obtain independent professional advice in the event of any doubt or ambiguity. Copies of the Deed are available for inspection at the business address of the Managers at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961 at all times during usual business hours (subject to such reasonable restrictions as the Managers may impose).

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with the offering of units in the Sub-Fund (“**Units**”). No representation is made as to the tax status of the Fund or the Sub-Fund.

The Units may not be directly or indirectly offered or sold in the United States of America or any of its states, territories, possessions or other areas subject to its jurisdiction (the “**United States**”) or for the benefit of a United States resident. If at any time it shall come to the knowledge of the Managers that any Units are held by or in the beneficial ownership or under the control of a United States resident, the Managers shall have the right, on giving written notice, to purchase from the Holder such Units at the Realisation Price (as described in paragraph 11 of this Prospectus) or to require the Holder of such Units to transfer all such Units to a person who is not a United States resident.

You should seek independent professional advice to ascertain (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, and which may be relevant to the subscription, holding or disposal of Units and should inform themselves of and observe all applicable laws and regulations of any relevant jurisdiction that may be applicable to them.

Investment in the Sub-Fund requires consideration of the normal risks involved in investing and participating in collective investment schemes. You should carefully consider the risks of investing in the Sub-Fund. Details of the risks involved are set out in paragraph 9 of this Prospectus. You should consider these risks carefully before making an investment decision. You should note that your investments can be volatile and that the value of Units may decline as well as appreciate. Hence there can be no assurance that the Sub-Fund will be able to attain its objective. The prices of Units as well as income from them may go up as well as down to reflect changes in the value of the Sub-Fund. An investment should only be made by those persons who can sustain losses on their investments. You should also satisfy yourself of the suitability of an investment in the Sub-Fund based on your personal circumstances.

The Managers may in their absolute discretion, subject to the applicable investment restrictions as may from time to time be prescribed by the Monetary Authority of Singapore (the “**Authority**”), invest in financial derivative instruments for the purposes of achieving the Sub-Fund’s investment objective and/or hedging and/or efficient portfolio management and/or such other purposes as may be

permitted by the Authority and for so long as the Sub-Fund is a Qualifying CIS<sup>1</sup>, the Sub-Fund shall comply with the product restrictions of Qualifying CIS set out in Sections 1, 2, 3 and 4 of Part II of the Standards of Qualifying CIS<sup>2</sup> or any other applicable law, regulation, rule, guideline or directive (as may be amended or issued or enacted from time to time). **You should note that the Sub-Fund intends to use financial derivative instruments to meet its investment objective and it may have a higher volatility to its net asset value as a result of its investment policy.** Please refer to paragraph 9.3 of this Prospectus for further details, including the risks in connection therewith.

No person, other than the Managers, has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, subscription or sale of Units, other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Managers.

You should note that the Units are not listed on any stock exchange and that there is no secondary market for the Sub-Fund. You may purchase, cancel or realise your Units through the approved distributors of the Managers subject to the ultimate discretion of the Managers in respect of the purchase or realisation of your Units in accordance with the provisions in the Deed.

### **Personal Data Protection**

You consent and acknowledge that any personal data provided to the Managers, the Trustee (as defined in paragraph 1.3 of this Prospectus), the Singapore Custodian (as defined in paragraph 4.3 of this Prospectus), the China Custodian (as defined in paragraph 4.3 of this Prospectus), the registrar of the Fund (the “**Registrar**”) and/or such other appointed representatives, agents and/or service providers of the Managers and/or each of their affiliates and related corporations (as defined under Section 6 of the Companies Act, Chapter 50 of Singapore) (“**Recipients**”, each a “**Recipient**”) whether directly or through appointed distributors or agents or otherwise collected by or on behalf of a Recipient in connection with the subscription for Units, including any personal data relating to third party individuals (e.g. beneficial owners, directors or your authorised signatory if you are not an individual) (“**Data**”) may be collected, used and disclosed by a Recipient for the following purposes: (i) updating and maintaining the register of unitholders of the Sub-Fund; (ii) processing instructions or trades from you or persons acting on your behalf; (iii) complying with any applicable rules, laws or regulations, regulatory policies, guidelines or industry codes, orders, directions or requests issued by any court, legal or regulatory bodies (whether in Singapore or otherwise) including rules and regulations relating to anti-money laundering and countering the financing of terrorism and the carrying out of audit checks, surveillance and investigation; (iv) preventing, detecting and investigating crime, offence or unlawful activity including but not limited to fraud, money-laundering, terrorist financing and bribery, and analysing and managing commercial risks; (v) complying with any applicable treaty or agreement with or between Singapore and a foreign jurisdiction; (vi) fulfilling a judgment or order of court or of any other tribunal within Singapore and in an applicable foreign jurisdiction; (vii) providing client-related services, including providing customer support, responding to queries or feedback given by you or persons acting on your behalf, and

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<sup>1</sup> “**Qualifying CIS**” means a collective investment scheme constituted or established in its home jurisdiction which has been approved by its home regulator for offer to the public in the home jurisdiction, and assessed by its home regulator as suitable to apply to a host regulator for its units to be offered to the public cross-border in the host jurisdiction pursuant to the ASEAN CIS Framework.

<sup>2</sup> “**Standards of Qualifying CIS**” means a set of rules and regulations as agreed (and as may be amended from time to time) amongst the ACMF Members, which governs the operation of the ASEAN CIS Framework, and published at <http://www.theacmf.org>. “**ACMF**” means the ASEAN Capital Markets Forum. “**ACMF Member**” means the securities regulator of the respective ASEAN jurisdiction, and collectively, the “**ACMF Members**”.

generating, communicating with and disseminating notices, reports, correspondence, statements, invoices, confirmations and advices to you or persons acting on your behalf; (viii) verifying your identity or the identity of persons acting on your behalf; (ix) reviewing and approving your account(s), and the conduct of initial and anticipatory credit checks and assessments, relevant checks, ongoing assessment and verification of ongoing credit worthiness and standing; (x) legal claims, actions or proceedings including but not limited to drafting and reviewing documents, obtaining legal advice and facilitating dispute resolution or exercising or enforcing the rights of a Recipient under contract or pursuant to applicable laws and regulations; (xi) administering, operating, processing or managing the Units, the Sub-Fund or the Fund; (xii) meeting or complying with the Recipient's internal policies and procedures; (xiii) handling feedback, queries or complaints; (xiv) maintaining the security of the Recipient's premises including but not limited to the use of forms of surveillance such as security cameras; (xv) facilitating any proposed or actual business assignment, transfer, participation or sub-participation in any of the Recipient's rights or obligations in respect of your relationship with the Recipient; (xvi) all purposes reasonably related to one or more of the foregoing; and (xvii) conducting general administration in relation to the foregoing. Where you provide personal data relating to third party individuals to a Recipient, you warrant that the prior consent of such third party individual, which will allow a Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and consent and acknowledge to all such collection, use and disclosure on behalf of that third party individual.

You consent and acknowledge that Data may be disclosed and transferred to the following parties, in Singapore or in a foreign jurisdiction, for the purposes set out above: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom a Recipient is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) related corporations of the Managers, the Trustee (as defined in paragraph 1.3 of this Prospectus), the Singapore Custodian (as defined in paragraph 4.3 of this Prospectus), the China Custodian (as defined in paragraph 4.3 of this Prospectus) or the Registrar; and (iii) any agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other services to a Recipient in connection with the operation of the business of a Recipient or the administration and operation of the Sub-Fund and/or the Fund.

You may, after consenting to the collection, use and disclosure of your Data, withdraw your consent by giving notice in writing to the Managers, whether directly or through their appointed agents or distributors. You should note that a notice of withdrawal of consent submitted by you shall be deemed to be a request for redemption of all Units held by you.

You undertake to ensure that all information provided to the Recipient is true, accurate and complete and that changes to any such information shall be notified to the Recipient in a timely manner.

### **Foreign Account Tax Compliance**

You acknowledge that you shall notify the Managers or their approved distributors immediately in writing if you are a US Person (as defined hereinafter) and if you have subscribed for or hold any Units on behalf of any US Person. You shall further notify the Managers or their approved distributors not later than thirty days of any change under FATCA (as defined hereinafter) or any laws or regulations that affect your tax status or the tax status of any US Person on whose behalf you have subscribed for or hold any Units.

You represent and warrant that you have provided or shall provide to the Managers or their approved distributors all documentation or other information required for compliance with FATCA and in connection with any change in tax status and shall otherwise provide all required documentation

(including the completion of any FATCA related forms and documents) and other information not later than seven days of any request in writing by the Managers or their approved distributors.

You acknowledge that in the event of any failure to provide accurate and timely information the Managers and their approved distributors have the right to deem you recalcitrant and/or reportable and shall be entitled to take all necessary action(s) against you to be compliant with requirements under FATCA, including but not limited to any local legislation enacted in connection with FATCA as the same may be modified, amended, supplemented, re-enacted or re-constituted from time to time. You should note that the Managers may compulsorily realise all or any of your Units in any of the circumstances set out in paragraph 21.6 of this Prospectus.

You consent to the collection, storage, and disclosure of any confidential information including personal data to persons to whom payments are made or from whom payments are received for your account and to governmental authorities as required by laws and regulations or other agreement by or between governments pursuant to FATCA. You represent that you have secured from any third party whose information may be provided to the Managers and their approved distributors all necessary consents and/or waivers to permit the Managers and their approved distributors to carry out the actions required pursuant to FATCA, and that you shall secure such consents and waivers prior to furnishing such information to the Managers and their approved distributors.

You acknowledge that the Managers and their approved distributors are entitled to take all necessary action determined by the Managers and the approved distributors to be and remain compliant with FATCA as is required by law or other agreement by or between governments. You authorise the Managers and their approved distributors to withhold or otherwise deduct from any payment any required tax or other government assessment, including but not limited to any requirement to withhold or deduct an amount pursuant to FATCA.

The Managers and their approved distributors shall have the right to determine and carry out any action which they consider to be appropriate to meet any obligations or requirements, whether in Singapore or elsewhere, for the purpose of the prevention of tax evasion. Such actions may include, but shall not be limited to, investigating and intercepting payments into and out of your account(s) (particularly in the case of international transfer of funds), investigating the source of or intended recipient of funds, sharing information and documents with any tax or regulatory authorities and withholding income from your account and transferring it to such tax authorities. If there is any doubt as to whether a payment in or out of your account is lawful, the Managers and their approved distributors reserve the right to cease all dealings with you in relation to such account.

For the purposes of this section relating to foreign account tax compliance, the following words and expressions shall have the following meanings:

**"FATCA"** means sections 1471 through 1474 of the United States Internal Revenue Code and any regulations and other guidance issued in connection thereto or any other agreement entered into with or between authorities and governments arising out of or in connection with FATCA or the implementation thereof, as each may be modified, amended, supplemented, re-enacted or re-constituted from time to time.

**"US Person"** means a United States citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any state of the United States, or a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of trust, and (ii) one or more US Persons have the authority to control all substantial decisions of the trust, or an

estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the United States Internal Revenue Code. Please note that persons who have lost their United States citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Persons.

### **Common Reporting Standard and Automatic Exchange of Information**

Following the development by the Organisation for Economic Cooperation and Development (“OECD”) of a common reporting standard (“CRS”) to achieve a comprehensive and multilateral automatic exchange of information (“AEOI”), the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (the “CRS Regulations”) have been promulgated to allow Singapore to implement the CRS with effect from 1 January 2017. Singapore has committed to commence exchange of information under the CRS in 2018.

The CRS Regulations require certain Singapore financial institutions (as defined in the CRS Regulations) to identify financial asset holders and establish if they are resident for tax purposes in countries with which Singapore has a tax information sharing agreement. Singapore financial institutions will then report financial account information of the asset holder to the Singapore tax authorities, which will thereafter automatically transfer this information to certain competent foreign tax authorities on a yearly basis.

Accordingly, the Managers and/or the Trustee will require investors to provide, amongst other things, information in relation to their identities and tax residences of their accounts (and the controlling persons, if any), account details, reporting entity, account balance/value and income/sale or redemption proceeds and any additional documentation or information, which will then be reported to the Inland Revenue Authority of Singapore and the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

**You should consult your professional advisers on the possible tax and other consequences with respect to the implementation of FATCA and CRS.**

All enquiries in relation to the Fund or the Sub-Fund should be directed to the Managers or their approved distributors.

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## NIKKO AM CHINA ONSHORE FUND SERIES

*The Sub-Fund offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 ("SFA"). A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Sub-Fund.*

### 1. BASIC INFORMATION

- 1.1 The Fund is a Singapore authorised open-ended umbrella unit trust comprising separate and distinct sub-funds, each having its own investment objective, strategy and focus.

The Managers currently offer one sub-fund pursuant to this Prospectus, i.e. the Nikko AM China Equity Fund (the "**Sub-Fund**"). The Sub-Fund is a Qualifying CIS under the ASEAN CIS Framework<sup>3</sup>. The Managers have also launched the Nikko AM China Onshore Bond Fund and you should refer to its prospectus for subscriptions of units into that sub-fund. In the future, the Managers could add new sub-funds with different investment objectives to the Fund.

- 1.2 The date of registration of this Prospectus with the Authority is 24 April 2018. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 23 April 2019) and shall expire on 24 April 2019.

- 1.3 The Fund is constituted as an open-ended umbrella unit trust in Singapore on 7 July 2014 pursuant to a trust deed dated 7 July 2014 (the "**Principal Deed**") entered into between the Managers and BNP Paribas Trust Services Singapore Limited (the "**Trustee**"). The Principal Deed has been amended by the 1<sup>st</sup> Amending and Restating Deed dated 29 October 2014, the 2<sup>nd</sup> Amending and Restating Deed dated 15 June 2015 and the First Supplemental Deed dated 25 April 2017 (the "**Amending Deeds**") entered into between the Managers and the Trustee. The Principal Deed as amended by the Amending Deeds shall hereinafter be referred to as the "**Deed**". Copies of the Deed may be inspected at the business address of the Managers at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961 at all times during usual business hours (subject to such reasonable restrictions as the Managers may impose). Unless specifically defined herein, all defined terms used in this Prospectus shall have the same meaning as used in the Deed.

- 1.4 The Deed is binding on the Managers, the Trustee and all unitholders of the Sub-Fund (the "**Holder**s") (and all persons claiming through such Holders) as if such persons had each been a party to the Deed. Much of the information in this Prospectus is a summary of corresponding provisions in the Deed. You should read the Deed for further details and for further information which is not contained in this Prospectus.

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<sup>3</sup> "**ASEAN CIS Framework**" means the streamlined authorisation framework for the cross-border offer of ASEAN collective investment schemes developed pursuant to the ACMF's Implementation Plan endorsed at the 13<sup>th</sup> ASEAN Finance Ministers' Meeting. "**ACMF**" means the ASEAN Capital Markets Forum.

## 1.5 Accounts and Reports

The latest annual and semi-annual reports, annual and semi-annual accounts and the auditors' report on the annual accounts relating to the Sub-Fund may be obtained from the Managers' website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).

## 2. THE MANAGERS

### The Managers of the Fund

2.1 The Managers are Nikko Asset Management Asia Limited (Company Registration No.: 198202562H) and their registered and business address is at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961. The Managers are licensed and regulated by the Authority.

2.2 The Managers have managed collective investment schemes or discretionary funds in Singapore since 1982.

### The Investment Advisor of the Sub-Fund

2.3 The Managers have appointed Rongtong Global Investment Limited as the investment advisor (the "**Investment Advisor**") to provide research and advisory services to the Sub-Fund. The Investment Advisor is licensed and regulated by the Securities and Futures Commission of Hong Kong.

The Investment Advisor is a wholly owned subsidiary of Rongtong Fund Management Co, Ltd. which is one of the largest sino-foreign joint venture fund management companies in the People's Republic of China ("**PRC**"). The Investment Advisor was established in May 2013 in Hong Kong, and is permitted to provide investment advisory services in Hong Kong. The Investment Advisor has a non-discretionary role and will provide advice and recommendations to the Managers as to the investments of the Sub-Fund.

The fees of the Investment Advisor are paid by the Managers out of their Management Fee and are not paid out of the assets of the Sub-Fund.

***You should note that past performance of the Investment Advisor is not necessarily indicative of the future performance of the Investment Advisor.***

### 2.4 Directors of the Managers

#### Lim Soon Chong

Soon Chong is a non-executive director of the Managers.

Soon Chong is the Regional Head of Investment Products and Advisory, Consumer Banking Group and Wealth Management in DBS Bank Ltd ("**DBS**"). In his current role, Soon Chong oversees the discretionary portfolio management, investment advisory as well as investment product teams responsible for designing and executing investment solutions for DBS' wealth customers.

Immediately prior to assuming his current role, Soon Chong headed the regional balance sheet management function within DBS Corporate Treasury with responsibilities for group asset and liability composition, liquidity transfer pricing, term wholesale funding and structural portfolio management. As the Head of Regional Balance Sheet Management,

Soon Chong was a member of the DBS Group Asset and Liability Management Committee and a member of the DBS Singapore Country Management Committee. Soon Chong also served in DBS' Risk Management Department, working on integrating risk management practices, risk capital measurement and Basel II implementation, and partnering Group Finance on financial planning and strategy.

Soon Chong also worked at Algorithmics Inc (now part of IBM) as well as at the Authority and has experience in a range of areas including bank capital and prudential policy, macroeconomic surveillance, monetary policy research and international financial cooperation.

Soon Chong holds a degree in Economics from the National University of Singapore.

#### Seet Oon Hui Eleanor

Eleanor joined the Managers in 2011 as the President and as an executive director of the Managers. She is also the Head of Asia ex-Japan at the Managers and is responsible for driving the growth of the Managers in the region. Additionally, she leads in the management of Nikko Asset Management group's joint venture relationships in China and Malaysia. A pioneer in the asset management industry, Eleanor has a strong background in the sales and marketing of investment products.

Prior to joining the Managers, Eleanor held the role of Senior Director for iShares, Private Wealth Distribution, Asia ex-Japan from 2009. Previously, she spent 12 years at AllianceBernstein, where she was responsible for building and developing the firm's distribution channels and business. She earned her role as Director of South East Asia with her strong performance in business development and strategic outlook. In that capacity, she was responsible for the overall strategy and execution of the firm's product offerings in South East Asia via intermediaries.

Eleanor graduated with a Bachelor of Economics from the University of New South Wales, Sydney. In 2017, she was conferred the IBF Fellow distinction by the Institute of Banking and Finance Singapore.

#### Yu-Ming Wang

Yu-Ming is a non-executive director of the Managers.

He is a Deputy President, the Global Head of Investment and the Chief Investment Officer - International at Nikko Asset Management Co., Ltd ("**Nikko AM**") and is responsible for overseeing Nikko AM's investment teams, which comprise more than 200 seasoned professionals spanning four continents and seven locations (Tokyo, Singapore, Sydney, Auckland, Hong Kong, London and New York) and which cover all global markets and asset classes. Joining Nikko AM as Chief Investment Officer - International in January 2013, Yu-Ming assumed the additional position of Deputy President in April 2014.

Based in Asia since 2007, Yu-Ming was previously Head of Fixed Income at Manulife Asset Management (Hong Kong) Limited. Prior to that, he worked at Wachovia Bank for nine years in senior roles in the capital markets division in New York, before moving to Hong Kong to head the global markets business for the Asian region.

Yu-Ming earned his Bachelor's degree at the Massachusetts Institute of Technology and his Master of Business Administration from New York University. He is a United States national and is fluent in Mandarin Chinese.

#### Junichi Sayato

Junichi is a non-executive director of the Managers.

In June 2015, Junichi joined Nikko AM as Representative Director and Executive Deputy President, where he oversees risk management, legal, compliance, information technology ("IT") and operations.

Before joining Nikko AM, Junichi most recently served as Representative Director and President of Sumitomo Mitsui Trust General Service Co., Ltd. He previously held the position of President at Sumitomo Mitsui Trust Research Institute Co., Ltd., and also oversaw investor relations at Sumitomo Mitsui Trust Holdings, Inc. as Director and Managing Executive Officer. At the former Sumitomo Trust & Banking Co., Ltd. (now Sumitomo Mitsui Trust Bank, Limited), he oversaw finance, operations, IT, compliance, and client services as Director and Managing Executive Officer. Before that, he served as Executive Officer and Regional Executive for the Americas, as well as General Manager of the New York branch and General Manager of the Risk Management Department, at the same bank.

He has over 13 years of extensive experience in working outside of Japan namely in London, New York and Washington D.C.

He graduated from the School of Law at Kyoto University in March 1978 and received his master's degree from the London School of Economics (Department of Economics, International Relations Major) in August 1982.

#### Hou Wey Fook

Wey Fook is a non-executive director of the Managers.

Wey Fook joined DBS as Chief Investment Officer, Consumer Banking & Wealth Management in September 2017.

Wey Fook is responsible for investment strategies including global strategic and tactical asset allocations for DBS' clients. He leads a team of investment strategists and communications specialists within the Chief Investment Office of DBS to formulate and publish the bank's house view on asset allocation, investment strategies and thematic trading ideas across asset classes of equities, bonds and currencies.

Wey Fook has 30 years of fund management experience, and was most recently at Bank of Singapore where he held various senior management roles including Chief Investment Officer, Head of Discretionary Portfolio Management ("**DPM**") and Funds. During Wey Fook's tenure as DPM head, assets under management grew substantially to SGD 9 billion and was voted as the best in DPM by Asiamoney Private Banking Poll 2016. He started his career at Government of Singapore Investment Corp (GIC) followed by OCBC Asset Management before joining ING Asia Private Bank, later renamed Bank of Singapore.

Wey Fook graduated with a Bachelor of Engineering from the National University of Singapore and is a Chartered Financial Analyst charterholder.

## 2.5 Key executives of the Managers

The key executives of the Managers in relation to the Sub-Fund are Seet Oon Hui Eleanor (whose description may be found in paragraph 2.4 above) and Peter Sartori.

### Peter Sartori

Peter heads the Asian ex-Japan equity team at the Managers. Based in Singapore, he manages a team of Asian equity specialists and co-manages the Asian regional product.

An investment veteran with over 25 years of fund management experience, Peter joined the Managers from Treasury Asia Asset Management (“**TAAM**”) which was acquired by Nikko AM in 2013. TAAM was launched in 2005 in both Sydney and Singapore by Peter and quickly gained a reputation as an institutional quality asset manager.

Prior to the establishment of TAAM, Peter was in Australia where he headed Asian equities at Credit Suisse Asset Management from 2002 to 2004. In 2004, Peter was promoted to be Head of Australian and Asian Equities. In 2001, before relocating to Australia, Peter joined Scudder Investments Singapore where he assumed the role of lead portfolio manager for their Asia Pacific equity products.

Between 1990 and 2000, Peter was with Colonial Investments in various roles. He began his career in 1990 at Colonial Investments in Melbourne, Australia, where in 1993 he was handed responsibility for managing Colonial Investments’ Asian equity portfolios. In 1997, he relocated to Hong Kong establishing Colonial Investments’ first office in the Asian region. In 1998, Colonial Investments was merged into First State Investments. In 1999, Peter played a key role in Colonial First State’s acquisition of Nicholas Applegate’s Asian business. Following this acquisition, he relocated to Singapore where he headed the Asian investment team for the group.

Peter holds a Bachelor of Business from RMIT (Phillip) and is a Fellow of the Financial Institute of Australia (FINSIA).

## 3. THE TRUSTEE

The Trustee is BNP Paribas Trust Services Singapore Limited (Company Registration No.: 200800851W) and its registered address is at 20 Collyer Quay, #01-01, Singapore 049319. The Trustee is regulated by the Authority.

## 4. OTHER PARTIES

### 4.1 The Registrar

The registrar of the Fund is the Trustee (the “**Registrar**”) and the register of Holders (the “**Register**”) maintained by the Registrar can be inspected at 20 Collyer Quay, #01-01, Singapore 049319 during usual business hours subject to such closure of the Register in accordance with the Deed and such reasonable restrictions as the Managers or the Registrar may impose.

### 4.2 The Auditors

The auditors for the Fund are PricewaterhouseCoopers LLP of 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

### 4.3 The Custodian

The custodian in respect of the onshore securities (the “**China Securities**”) in the PRC that are invested into by the Nikko AM China Equity Fund using the investment quota of the Managers is HSBC Bank (China) Company Limited (the “**China Custodian**”), acting as the delegate of The Hongkong and Shanghai Banking Corporation Limited.

The China Custodian is a commercial bank established according to the governing law of the PRC and is qualified as a custodian bank. It is licensed and regulated by the China Banking Regulatory Commission and the China Securities Regulatory Commission (the “**CSRC**”).

The custodian in respect of the Deposited Property<sup>4</sup> of the Sub-Fund other than the China Securities is BNP Paribas Securities Services, operating through its Singapore Branch (Company Registration No.: T08FC7287D) (the “**Singapore Custodian**”), and its registered address is at 20 Collyer Quay, #01-01, Singapore 049319. The Singapore Custodian is licensed and regulated by the Authority.

The Singapore Custodian is a global custodian with direct market access in certain jurisdictions and for other markets it engages selected sub-custodians. In respect of its sub-custodians, the Singapore Custodian operates a selection and on-going monitoring program based on defined criteria which include financial strength, reputation, and breadth and quality of services provided, such as communication capabilities, settlement, safekeeping, corporate action notification and processing, dividend collection and payment, client service delivery, market information management, asset segregation and business continuity planning. Any sub-custodian that is appointed by the Singapore Custodian will be regulated in its home jurisdiction.

4.4 The Managers have delegated their administration and valuation functions in respect of the Sub-Fund to BNP Paribas Securities Services, operating through its Singapore Branch.

4.5 Counterparties, brokers and/or prime brokers (if any) that are used by the Sub-Fund are selected from an approved panel and their appropriateness for continuous use by the Managers is reviewed on a regular basis. For inclusion onto the panel, due diligence on the counterparties, brokers and/or prime brokers must be completed by the Managers and the relevant internal approvals must be obtained. However, for inclusion onto the panel and the use of any counterparties, brokers and/or prime brokers to transact in foreign exchange, over-the-counter derivatives, secured/unsecured call loan or securities lending, additional approval must be sought from the risk management department of the Managers’ parent company, Nikko AM.

## 5. STRUCTURE OF THE FUND

5.1 The Fund is a Singapore-authorized umbrella unit trust offering separate and distinct sub-funds, each having its own investment objective, strategy and focus. Currently, the Managers are offering Units in two sub-funds (i.e. the Nikko AM China Equity Fund and the Nikko AM China Onshore Bond Fund). The details of the Nikko AM China Onshore Bond

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<sup>4</sup> “**Deposited Property**” means all of the cash assets and other property for the time being comprised in the Sub-Funds or deemed to be held upon the trusts of the Deed for account of the Sub-Funds excluding any amount for the time being standing to the credit of the Distribution Account (as defined in the Deed) of the Sub-Funds.

Fund are found in a separate prospectus available from the Managers or their approved distributors. The base currency of the Sub-Fund is RMB<sup>5</sup>.

- 5.2 The Managers have the discretion to establish different classes of Units (each a “**Class**” and collectively the “**Classes**”) from time to time. The Classes established within the Sub-Fund are as follows:

<b>Nikko AM China Equity Fund</b>
USD Class Units (denominated in USD <sup>6</sup> )
RMB Class Units (denominated in RMB)
SGD Class Units (denominated in SGD <sup>7</sup> )

- 5.3 The Classes in the Sub-Fund differ, amongst other things, in terms of the currency of denomination, minimum initial investment amount and minimum subsequent investment amount etc.
- 5.4 All Classes will constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular Class shall be deducted from or added to (as the case may be) the value of the Sub-Fund which is attributable to that Class.
- 5.5 A separate net asset value per Unit will be calculated for each Class. The net asset value per Unit of each Class will be calculated on each Dealing Day<sup>8</sup> in the currency of the relevant Class. It is calculated based on forward pricing and is determined based on the Value<sup>9</sup> as at the Valuation Point<sup>10</sup> on the relevant Dealing Day on which applications for Units are received, of the proportion of the Deposited Property of the Sub-Fund or Class of the Sub-Fund represented by 1 Unit and rounding such amount to the nearest 3 decimal places (or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee).
- 5.6 Different Classes in the Sub-Fund may be offered in different jurisdictions at the Managers’ discretion under the ASEAN CIS Framework.

## 6. THE CENTRAL PROVIDENT FUND INVESTMENT SCHEME (“CPFIS”)

The Sub-Fund is currently not included under the CPFIS.

<sup>5</sup> “RMB” means Renminbi, the lawful currency of the PRC.

<sup>6</sup> “USD” means the lawful currency of the United States of America.

<sup>7</sup> “SGD” means the lawful currency of the Republic of Singapore.

<sup>8</sup> “Dealing Day” in relation to the subscription and realisation of Units means a Business Day or such other day as provided in the Deed. “Business Day” means any day (other than a Saturday, Sunday or public holiday) on which commercial banks in Singapore, Hong Kong and the PRC are open for business, or any other day as the Managers and the Trustee may agree in writing.

<sup>9</sup> “Value” means with reference to any Deposited Property or any part thereof, or with reference to any investment comprised or to be comprised in any Deposited Property, its net asset value or its value respectively as determined in accordance with paragraph 21.3.

<sup>10</sup> “Valuation Point” means the close of business of the last market relevant to the Sub-Fund on a Dealing Day or such other time as the Managers with the prior approval of the Trustee may from time to time determine, and the Trustee shall determine if the Holders should be informed of such change and the Managers shall notify the Holders of such change if required by the Trustee.

## 7. INVESTMENT OBJECTIVE, FOCUS AND APPROACH

### 7.1 Nikko AM China Equity Fund

The investment objective of the Sub-Fund is to achieve medium to long term capital appreciation by investing in listed equities in the China A-shares market in the People's Republic of China ("**PRC**"). The Managers will employ both a bottom-up investment process involving in-depth company research and a top-down process to review macro-economic factors. The Managers will identify sectors and industries that may benefit from growth opportunities resulting from the restructuring of China's economy, which may include, but are not limited to, consumer discretionary, consumer staples, healthcare and other related sectors and industries.

The Managers have appointed the Investment Advisor to provide research and advisory services to the Sub-Fund.

In order to achieve its investment objective, the Sub-Fund will invest principally through the Managers' quota and capacity under the RQFII<sup>11</sup> framework, primarily in listed equities in the China A-shares market.

The Sub-Fund aims to use the CSI 300 Index (Net Total Return) as a benchmark to achieve its investment objective.

The Sub-Fund may also invest in financial derivatives instruments, including but not limited to, forward contracts, futures and any other kinds of financial instruments for the purposes of achieving the Sub-Fund's investment objective and/or hedging and/or efficient portfolio management and for so long as the Sub-Fund is a Qualifying CIS, for such purposes as may be permitted under the Standards of Qualifying CIS.

For so long as the Sub-Fund is a Qualifying CIS, the Sub-Fund will not enter into securities lending or repurchase transactions, unless otherwise permitted under the Standards of Qualifying CIS, at the discretion of the Managers. Any securities lending or repurchase transactions will be in accordance with the applicable provisions of the Code on Collective Investment Schemes issued by the Authority pursuant to the SFA, as may be amended, modified or supplemented from time to time by the Authority (the "**Code**") and the Deed.

#### *Regulations in the PRC*

Under current regulations in the PRC, foreign investors (such as the Sub-Fund) may invest in certain eligible onshore PRC investments, in general, only through entities that have obtained status as a QFII<sup>12</sup> or RQFII from the CSRC. The Sub-Fund seeks to invest directly into listed equities in the China A-shares market through the Managers' status as a RQFII, using an investment quota granted to the Managers by SAFE<sup>13</sup>.

#### *RMB Qualified Foreign Institutional Investor ("**RQFII**")*

Under current RQFII regulations in the PRC, foreign institutional investors seeking to invest directly in the PRC domestic securities market may apply for a RQFII licence. The Managers

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<sup>11</sup> "**RQFII**" means a RMB qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

<sup>12</sup> "**QFII**" means a qualified foreign institutional investor approved under the "Regulations on Domestic Securities Investments by Qualified Foreign Institutional Investors" issued by the CSRC, the People's Bank of China and SAFE and effective from 1 September 2006.

<sup>13</sup> "**SAFE**" means the State Administration of Foreign Exchange of the PRC.

have obtained a RQFII licence in the PRC. Currently it is intended that the Sub-Fund will use the RQFII quota of the Managers to obtain exposure to securities and instruments issued within the PRC. The Managers may from time to time make available their RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Managers have the flexibility to allocate their RQFII quota across different open-ended fund products or to products and/or accounts that are not open-ended funds. The Managers may therefore allocate additional RQFII quota to the Sub-Fund, or allocate RQFII quota which may otherwise have been available to the Sub-Fund to other products and/or accounts. The Managers may also apply to SAFE for additional RQFII quota which may be used by the Sub-Fund, other clients of the Managers or other products managed by the Managers. However, there is no assurance that the Managers will make available RQFII quota that is sufficient for the Sub-Fund's investments at all times.

## **7.2 Product Suitability**

The Sub-Fund is suitable for investors who:

- seek exposure to listed equities in the China A-shares market in the PRC; and
- are willing and able to accept that their principal will be at risk.

**Investors should consult their financial advisers if in doubt as to whether investments into the Sub-Fund are suitable for them.**

## **7.3 Distribution Policy**

In respect of each of the USD Class Units, the RMB Class Units and the SGD Class Units, the Managers have the sole and absolute discretion to determine whether a distribution is to be made and the frequency of distributions to be made. Sources of income for distribution include dividend and/or interest income and/or capital gains derived from the investments of the Sub-Fund (collectively, the "**Investment Income**"). The Managers will decide whether a distribution is to be made based on various factors, including the Investment Income. If the Investment Income is insufficient to fund a distribution for the Sub-Fund, the Managers may determine that such distributions should be paid from the capital of the Sub-Fund. Any distributions made out of capital will reduce the net asset value of the Sub-Fund. Should the Managers decide to proceed with a distribution exercise, the quantum that is available for distribution will be calculated in accordance with the provisions of the Deed.

## **7.4 Investment Restrictions**

The Sub-Fund is subject to investment and borrowing restrictions in the Investment and Borrowing Guidelines as set out in Appendix 1 of the Code, which guidelines may be amended from time to time. In addition to Appendix 1 of the Code, for so long as the Sub-Fund is a Qualifying CIS, the Sub-Fund shall also comply with the product restrictions of Qualifying CIS set out in Sections 1, 2, 3 and 4 of Part II of the Standards of Qualifying CIS or any applicable law, regulation, rule, guideline or directive as may be amended or issued or enacted from time to time.

## **8. FEES AND CHARGES**

### **8.1** The fees and charges applicable to the Sub-Fund are set out in the tables below:

<b>Fees and charges payable by you</b>	
Initial Sales Charge <sup>14</sup>	Current: Up to 5.00%; Maximum: 5.00%
Realisation Charge	Current: Nil; Maximum: 1.00%
Conversion Fee/Exchange Fee	No conversion/exchange allowed

<b>Fees and Charges payable by the Sub-Fund</b>	
Annual Management Fee	Current: 1.50%; Maximum: 1.50%
Annual Trustee Fee	Current: 0.03%; Maximum: 0.10%. Subject always to a minimum fee of SGD5,000 p.a.
Other Substantial Fees/Charges (for the financial year ended 31 December 2017)	Professional Fees: 0.31% Audit Fee: 0.39% Fund Administration Fee: 0.11% Transaction Costs: 0.67% Subject to agreement with the relevant parties, other fees and charges, including, <i>inter alia</i> fees payable to the China Custodian and the Singapore Custodian may each amount to or exceed 0.10% p.a., depending on the proportion that each fee or charge bears to the net asset value of the Sub-Fund.

- 8.2** The Initial Sales Charge, the Conversion Fee and the Exchange Fee (where applicable), will be retained by the Managers for their own benefit. Any rounding differences due to the adjustment in the calculation of the Issue Price and Realisation Price will be retained by the Sub-Fund. Any commission, remuneration or other sum payable to distributors in respect of the issue or sale of any Units shall not be added to the price of such Units but will be paid by the Managers.
- 8.3** The Managers may at any time differentiate between investors as to the amount of the Initial Sales Charge, the Conversion Fee and the Exchange Fee (where applicable), subject to the maximum permitted, or allow discounts on such basis or on such scale as the Managers may think fit.
- 8.4** The fees and charges above are exclusive of and net of any goods and services tax or other value added tax (whether imposed in Singapore or elsewhere).
- 8.5** As long as the Sub-Fund is a Qualifying CIS, no performance fee will be charged to the Sub-Fund. For the avoidance of doubt, the Managers do not charge a performance fee in respect of the Sub-Fund.

## **9. RISKS**

### **9.1 General risks of investing in collective investment schemes**

- 9.1.1** While the Managers believe that the Sub-Fund offers the potential to achieve its stated objective, no assurance can be given that this objective will be achieved. You should read this Prospectus and discuss all risks with your financial and legal

<sup>14</sup> "Initial Sales Charge" means a charge upon the issue of Units of such amount as the Managers may from time to time determine generally or in relation to any specific transaction or class of transactions provided that such charge shall not exceed five per cent. of the gross investment sum. Such expression in the context of a given date shall refer to the charge or charges determined by the Managers pursuant to the Deed and applicable on that date.

advisers before making an investment decision, and you should assess for yourself the risks of the Sub-Fund's investments in general.

- 9.1.2 You should be aware that the price of Units can go down as well as up and that past performance is not necessarily a guide to the future performance of the Sub-Fund. You may not get back your original investment. An investment in the Sub-Fund is designed to produce returns over the medium to long-term. Investments in the Sub-Fund are not suitable for short-term speculation. The value of the Sub-Fund and its distributions (if any) may rise or fall.
- 9.1.3 You should be aware that the price of Units may go down as well as up in response to changes in interest rates, foreign exchange, economic and political conditions.
- 9.1.4 Dealings in the Units and the calculation of the net asset value thereof may be suspended in certain circumstances and the redemption of Units may be suspended or deferred in certain circumstances as provided for in the Deed.

## 9.2 Risks specific to the Sub-Fund

- 9.2.1 **Market Risk:** The prices of securities in the portfolio of the Sub-Fund and its Units and the income derived therefrom may be influenced by economic and political conditions, changes in interest rates, the earnings of the corporations whose securities are comprised in the portfolio of the Sub-Fund and the market's perception of the securities. These may cause the prices of Units to go up or down as the prices of Units are based on the current market value of the investments of the Sub-Fund.
- 9.2.2 **Equity Risk:** The Sub-Fund invests primarily in stocks and other equity securities, which are subject to market risks and are in general more volatile than investment grade fixed income securities. Units may therefore be subject to greater price volatility.
- 9.2.3 **PRC Market Risk:** Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market. For many years, the central government of the PRC has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress.

Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investments in listed securities.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing as compared to those of developed countries.

PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practice and those prepared in accordance with international accounting standards.

**9.2.4 Single Country Risk:** The Sub-Fund may invest in securities of a single or a limited number of countries. Where the Sub-Fund invests in a single or a few, select countries, it will be exposed to fluctuations in the economies of these countries, and the market, currency, political, social environment and other risks related specifically to these countries, which may affect the market price of its investments in these countries. Exposure to a single or limited number of countries also increases the potential volatility of the Sub-Fund due to the increased concentration risk as they are less diversified compared to exposure to specific regional or global markets.

**9.2.5 Risks regarding RQFII status and RQFII quota:** You should note that the Managers' RQFII status may be suspended or revoked and that this may adversely affect the Sub-Fund's performance by requiring the Sub-Fund to dispose of its securities holdings.

You should note that there can be no assurance that the Managers will continue to maintain their RQFII status or to make available their RQFII quota. You should also note that the Sub-Fund may not be allocated a sufficient portion of the RQFII quota from the Managers to meet all applications for subscription into the Sub-Fund and that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the Managers, as the Managers may in their discretion allocate the RQFII quota which may otherwise have been available to the Sub-Fund to other products. Such restrictions may result in a rejection of subscription applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to the insufficiency of the RQFII quota, its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades.

RQFII quotas are generally granted to RQFIIs (such as the Managers). The rules and restrictions under RQFII regulations generally apply to the Managers (in their capacity as a RQFII) as a whole and not simply to the investments made by the Sub-Fund. SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII custodian (i.e. in the Sub-Fund's case, being the China Custodian) violates any provision of the applicable rules and regulations issued by SAFE ("**SAFE Rules**"). Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact the portion of the Managers' RQFII quota made available for investment by the Sub-Fund.

**9.2.6 Repatriation and liquidity risks:** In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the Sub-Fund's liquidity and performance. The SAFE regulates and monitors the repatriation of funds out of the PRC by RQFIIs pursuant to its SAFE Rules. No lock-up period is imposed on the capital remitted by an open-ended RQFII fund (such as the Sub-Fund). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the Sub-Fund) conducted in RMB are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted

to SAFE by the RQFII custodian (i.e. in the Sub-Fund's case, being the China Custodian). There is no assurance, however, that the PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact the Sub-Fund's ability to meet redemption requests from Holders. Furthermore, as the China Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the China Custodian in case of non-compliance with the RQFII rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Holder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Managers' control.

- 9.2.7 Liquidity Risk:** The extent of market liquidity would be dependent on the size of the market and therefore affect the Sub-Fund's ability to acquire or dispose of assets at the price and time desired. There may be state regulations governing the outward remittance by foreign investors of their share of net profits and dividends and repatriation of their investments in foreign currency.
- 9.2.8 Foreign Securities Risk:** The investments of the Sub-Fund may be affected by political instability as well as exchange controls, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities in the other countries. Fluctuations in foreign exchange rates may have an impact on the outcome of the Sub-Fund and may affect the value of Units.
- 9.2.9 Currency Risk:** As investments of the Sub-Fund are denominated predominantly in RMB, fluctuations of the exchange rate of the RMB against the currencies of denomination of the Classes may affect the value of the Units. Such foreign exchange rate movements may affect the returns to investors in Singapore (depending on the currency of Units subscribed for), and investors may be exposed to exchange rate risks. The Managers currently do not hedge the foreign currency exposure of the Sub-Fund.
- 9.2.10 Emerging Markets Risks:** The Sub-Fund may invest in emerging markets securities (i.e. PRC securities) which are in general more volatile than those of developed countries, with the result that the Units may be subject to greater price volatility.

Some emerging markets do not have well-developed or consolidated bodies of securities laws and regulatory frameworks. There may be less public information on companies listed on such markets as compared to other stock markets. The auditing and financial reporting methods used in some emerging markets may differ from internationally recognised standards, and information on the accounts of some companies listed on such markets may not be an accurate reflection of their financial strength.

You would also have to take into account that trading volume in emerging markets may be substantially less than in the world's leading stock markets and trading may have to be conducted at unfavourable prices. Securities of companies domiciled in emerging markets are less liquid and more volatile than those domiciled in more developed stock markets and this may result in fluctuations in

the price of the Units. Emerging markets may not have fully developed custodian and settlement services and therefore investments in such markets are subject to a greater degree of risk.

There may also be state regulations governing the outward remittance by foreign investors of their share of net profits and dividends and the repatriation of their investments in a foreign currency.

**9.2.11 Sole Broker / Counterparty Risk:** While the Managers will endeavour to take all reasonable steps to obtain the best possible result for each transaction entered into by the Sub-Fund, there may be circumstances requiring transactions to be executed through the use of a sole broker or counterparty which may not be consistent with best execution standards.

**9.2.12 Tax Risk:** Investing in the Sub-Fund may have tax implications for a Holder depending on the particular circumstances of the Holder. You are strongly urged to consult your own tax advisers and counsel with respect to the possible tax consequences to you of an investment in the Units.

By investing in securities issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed onshore or offshore, the Sub-Fund may be subject to PRC taxes.

### 9.3 Financial Derivative Instruments

- (i) The Managers may in their absolute discretion, invest in financial derivative instruments ("**FDIs**"), including, but not limited to, options on securities, forward contracts, over-the counter options, interest rate swaps and swaptions, index futures and options, futures or options of any kind of financial instrument or structured notes such as credit-linked notes, equity-linked notes and index-linked notes for the purposes of achieving the Sub-Fund's investment objective and/or hedging and/or efficient portfolio management.

The Managers may make use of FDIs as allowed in the Code, and for so long as the Sub-Fund is a Qualifying CIS, for such purposes as may be permitted under the Standards of Qualifying CIS.

- (ii) Where FDIs are used, the global exposure of the Sub-Fund to FDIs or embedded FDIs should not exceed 100% and (so long as it is a Qualifying CIS) 20% of the net asset value of the Sub-Fund at all times. The Sub-Fund will use the commitment approach, as described in and calculated in accordance with the provisions of the Code, to determine its exposure to FDIs. Such exposure for the Sub-Fund, so long as it is a Qualifying CIS, would be calculated using the commitment approach as described in the Appendix to the Standards of Qualifying CIS.

Where the Sub-Fund invests in financial derivatives on commodities, such transactions shall be settled in cash at all times.

- (iii) The Managers employ a risk management process in the investment of FDIs. The risks related to each FDI the Managers invest in are duly measured, monitored and managed on an ongoing basis.

All open positions/exposure in FDIs will be marked to market at a frequency at least equal to the frequency of the calculation of the net asset value of the Sub-Fund.

The Managers have a dedicated team which is responsible for oversight of, amongst other things, the monitoring of the Sub-Fund for compliance with the relevant investment guidelines. This team will be responsible for setting up and maintaining the checks on the investment guidelines and restrictions on both the automated and manual compliance systems, which cover pre-trade and on-going review of the Sub-Fund.

The Managers also have an established procedure to report breaches of the investment guidelines, if any.

- (iv) The Managers will ensure that the risk management and compliance procedures are adequate and have been or will be implemented and that they have the necessary expertise to control and manage the risks relating to the use of financial derivatives.

- (v) Risks associated with the use of FDIs

As the volatility of prices of derivative instruments may be higher than that of their underlying assets, these derivative instruments may be riskier.

While the prudent and judicious use of derivatives by investment professionals can be beneficial, derivatives involve risks different from, and in some cases, greater than, the risks presented by more traditional investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, liquidity risk, moratorium risk, capital control risk, tax risk and leverage risk. The Managers have the necessary expertise and controls for investments in derivatives and have in place systems to monitor the derivative positions for the Sub-Fund, if any.

The viability of exercising derivative instruments depends on the market price of the investments to which they relate, and accordingly, the Managers may from time to time decide that it is not viable to exercise certain derivatives held by the Sub-Fund within the prescribed period, in which case, any costs incurred in obtaining the derivatives will not be recoverable. Additionally, the market price of the relevant investment may not exceed the exercise price attached to the derivative instrument at any time during the exercise period or at the time at which the warrants or options are exercised and in such an event, this may result in an immediate loss to the Sub-Fund.

**The above should not be considered to be an exhaustive list of the risks which you should consider before investing in the Sub-Fund. You should be aware that an investment in the Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

## **10. SUBSCRIPTION OF UNITS**

### **10.1 How to purchase Units**

#### **10.1.1 Cash Subscriptions**

You may apply to subscribe for Units by submitting a completed application form, together with such other documents as may be required by, and the subscription monies in full to, the Managers through their approved distributors.

### 10.1.2 Subscriptions through the use of Supplementary Retirement Scheme (“SRS”) monies

Subject to the applicable terms and conditions imposed by the Inland Revenue Authority of Singapore, the relevant SRS operator and any other relevant competent authority, if you wish to subscribe for Units with your SRS monies, you will have to give a written authorisation to the relevant SRS operator for monies to be withdrawn from your SRS account to pay for the subscription of Units. You should note that subscriptions through SRS monies are currently not available for any Class of Units but may be used for subscriptions for the SGD Class Units, once this Class is accepted in the future.

### 10.2 Applications through the internet

The Managers may, at their absolute discretion, offer Units through the internet subject to applicable laws, regulations, practice directions and other requirements by the relevant authorities. By making an electronic online application for the subscription of Units on or through the website of a Relevant Participating Distributor, or by an application form printed from such a website, you confirm that:

- (a) you have obtained a copy of this Prospectus and have read and understood its contents;
- (b) you are making the application for the subscription of Units while being present in Singapore; and
- (c) your permission to the Relevant Participating Distributor to disclose relevant particulars of your account to the Relevant Persons and neither the Managers nor the Trustee shall be liable to you for the consequences of any such disclosure.

During any period when the issue of Units is suspended pursuant to paragraph 15.1, the application for subscription of Units through the internet will also be suspended. Any charges to be imposed by the Relevant Participating Distributor in connection with any application for the subscription of Units through the internet will be borne by you and such charges shall not be taken out of the Deposited Property or form part of the Initial Sales Charge. Upon your request, the Managers will provide you with hard copies of this Prospectus, the Deed and any supplemental deed for the time being in force subject to any charge which may be levied for a copy of the Deed and any such supplemental deed pursuant to the Deed.

For the purposes of this paragraph 10.2, “**Relevant Persons**” means the Managers, the Trustee, the relevant authorities and any other person to whom the Relevant Participating Distributors deem it necessary to give, divulge or reveal information about your bank account, for the purpose of an application for Units via the internet.

### 10.3 Minimum Initial Investment and Minimum Subsequent Investment

The Minimum Initial Investment amount and the Minimum Subsequent Investment amount of the Sub-Fund are as follows:

	<u>USD Class Units</u>	<u>RMB Class Units</u>	<u>SGD Class Units</u>
Minimum Initial Investment amount	USD 1,000	RMB 5,000	SGD 1,000
Minimum Subsequent Investment amount	USD 100	RMB 500	SGD 100

or such other amount as the Managers may determine from time to time upon giving prior notice to the Trustee.

#### 10.4 Pricing and Dealing Deadline

Following the close of the initial offer period, the issue price per Unit (“**Issue Price**”) of the Sub-Fund or Class of the Sub-Fund is calculated based on forward pricing and is determined based on the Value as at the Valuation Point on the relevant Dealing Day on which applications for Units are received, of the proportion of the Deposited Property of the Sub-Fund or Class of the Sub-Fund represented by 1 Unit and rounding such amount to the nearest 3 decimal places (or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee). The Managers shall be entitled to convert the Issue Price to any applicable foreign currency at the prevailing rate of exchange. The Managers may, subject to the prior approval of the Trustee, change the method of determining the Issue Price provided in this paragraph, and the Trustee shall determine if the Holders should be informed of such changes.

The dealing deadline in respect of the Sub-Fund is, in relation to any Dealing Day, currently 5 p.m. (Singapore time) on the said Dealing Day (the “**Dealing Deadline**”) but this may be changed subsequently to any other time of the day by the Managers with the approval of the Trustee. This means that if an application is received and accepted by the Managers through their approved distributor(s) by the Dealing Deadline on the Dealing Day, the price will be based on the Value of the Sub-Fund for that Dealing Day. If an application is received and accepted by the Managers through their approved distributor(s) after the Dealing Deadline on that Dealing Day or on a day not being a Dealing Day, it shall be deemed to be received and accepted by the Managers only on the immediately following Dealing Day. The Issue Price will be determined only on the Business Day following the Dealing Day.

#### 10.5 How the number of Units is allotted

The number of Units to be issued in respect of any investment sum paid by an applicant shall be the number of Units (including fractions) determined by dividing the gross investment sum (less the Initial Sales Charge) by the Issue Price per Unit, and then rounding the number of Units to the nearest 2 decimal places (or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee).

The following is an illustration of the number of Units that you will receive based on a hypothetical investment amount of \$1,000\* and a notional Issue Price of \$1.000\*\*:

\$1,000*	-	\$50.00	=	\$950.00	÷	\$1.000**	=	950.00
Gross Investment Sum		Initial Sales Charge*** (5.00%)		Net Investment Sum		Issue Price (i.e. net asset value per Unit)		Number of Units

\* This sum is used for the purposes of illustration only, and the actual investment sum for a Class may be of a different amount.

\*\* The actual Issue Price of a Class will fluctuate according to the net asset value of the relevant Class.

\*\*\* The Initial Sales Charge currently payable is up to 5.00%.

N.B.: All numerical figures used for the purpose of this illustration are hypothetical.

In the case where a Unit is to be issued to an applicant resident outside Singapore and additional expenses are incurred, which would not have been incurred if such applicant had been resident in Singapore (the “**overseas expense**”), the overseas expense may be deducted out of the investment sum in addition to the Initial Sales Charge.

#### **10.6 Confirmation of purchase**

A trade confirmation will normally be sent to each successful applicant within 7 Business Days of the receipt of his or her application by the Managers.

#### **10.7 Issue of Units**

The Managers have the exclusive right to effect the creation and issue of Units and the acceptance or non-acceptance of applications for purchase of Units are at the absolute discretion of the Managers acting in consultation with the Trustee and in the best interest of the Sub-Fund. If any application is rejected by the Managers, the subscription monies will be refunded (without interest) to the applicant or (where applicable) the relevant SRS operator within a reasonable period of time in such manner as the Managers may determine.

No certificates will be issued by the Managers in respect of Units issued.

#### **10.8 Cancellation of Units**

Subject to the provisions of the Deed and to the terms and conditions for cancellation of Units in the application form for Units, you shall have the right to cancel your subscription for Units within 7 calendar days from the date of subscription or purchase of Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority) by providing notice in writing to the Managers through the approved distributor(s) from whom you purchased your Units. Any Initial Sales Charge paid by you will be refunded to you. However, you will have to take the risk for any price changes in the net asset value of the Sub-Fund since you purchased the Units. The cancellation proceeds will be paid within 7 Business Days of receipt of the cancellation request or within such other time as may be permitted by the Authority unless cancellation of Units has been suspended in accordance with the Deed.

Holders shall have the right to cancel their purchase of Units in the Sub-Fund subscribed for in Malaysia or Thailand within 6 business days from the date of subscription or purchase of Units (or such period as may be permissible under the laws of the relevant host jurisdiction).

#### **10.9 Regular Savings Plan**

The approved distributors of the Managers may in their absolute discretion make available a Regular Savings Plan (“**RSP**”) for any Class. However, you should note that a RSP is currently not available in respect of any Class of Units of the Sub-Fund but will be available once the SGD Class Units is incepted in the future.

When available, you may apply for the Units of the relevant Class through a RSP upon satisfying the minimum initial investment amount applicable to that Class of Units.

The minimum monthly contribution for the RSP will be determined by the Managers at their absolute discretion. The monthly contribution for the RSP will be deducted from your relevant bank account or SRS account (as the case may be) on the 8<sup>th</sup> day of each month (or the next Business Day if that day is not a Business Day). Units will normally be allotted within 2 Business Days after the date on which the monthly contribution is deducted, but this may be exceeded in the case of Units purchased through the Managers' approved distributors or when Units are purchased using SRS monies.

If the deduction of these contributions is unsuccessful, no investment will be made for that month. No notification relating to the unsuccessful deduction will be sent to Holders. After 2 consecutive unsuccessful deductions, the RSP will be terminated and no notification of such termination will be sent to the affected Holders.

You may terminate your participation in the RSP without penalty upon giving not less than 30 days' prior written notice in writing to the approved distributor(s) from whom you purchased your Units. The Managers reserve the right to terminate the RSP at any time at their absolute discretion by giving at least one month's notice to the affected Holders.

The Managers shall not assume any liability for any losses arising from the Holders' payment for the RSP via direct debit transactions.

You should contact the approved distributors of the Managers for further details of how to participate in a RSP (when available).

## **11. REALISATION OF UNITS**

### **11.1 How to sell Units**

You may realise your Units by submitting a written realisation request in such form and together with such other documents as may be required to the Managers through the approved distributor(s) from whom you purchased your Units.

The Managers may refuse any realisation requests where all relevant documentation has not been submitted or if such realisation would result in non-compliance with the Minimum Holding and/or the Minimum Realisation requirement or in any other circumstances agreed with the Trustee and notified to the Holders.

You may make an electronic online application for the realisation of Units on or through the website of the Relevant Participating Distributor, or on an application form printed from such website.

Units of any Class of the Sub-Fund may be realised on a Dealing Day.

### **11.2 Minimum Holding and Minimum Realisation**

You shall not be entitled to realise only part of your holding of Units without the approval of the Managers and the Trustee if such realisation is less than the Minimum Realisation as set out in the table below or if due to such realisation, your holding would be reduced to less than the Minimum Holding as set out in the table below:

Minimum Holding (Units)	500
Minimum Realisation (Units)	500

### 11.3 Pricing and Dealing Deadline

The net realisation proceeds are calculated by multiplying the number of Units to be realised by the realisation price of the Units ("**Realisation Price**"). The Realisation Price per Unit of the Sub-Fund or Class of the Sub-Fund is calculated based on forward pricing and is determined based on the Value of the Deposited Property of the Sub-Fund or Class as at the Valuation Point on the relevant Dealing Day on which the realisation request is received, divided by the number of Units in issue or deemed to be in issue then, and rounding such amount to the nearest 3 decimal places (or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee). The Managers shall be entitled to convert the Realisation Price to any applicable foreign currency at the prevailing rate of exchange. The Managers may, subject to the prior approval of the Trustee, change the method of determining the Realisation Price provided in this paragraph, and the Trustee shall determine if the Holders should be informed of such changes.

The Dealing Deadline is, in relation to any Dealing Day, currently 5 p.m. (Singapore time) on the said Dealing Day but this may be changed subsequently to any other time of the day by the Managers with the approval of the Trustee. This means that if your realisation request is received and accepted by the Managers through their approved distributor(s) by the Dealing Deadline on the Dealing Day, the price will be based on the Value of the Sub-Fund for that Dealing Day. If a realisation request is received and accepted by the Managers through their approved distributor(s) after the Dealing Deadline on that Dealing Day or on a day not being a Dealing Day, it shall be deemed to be received and accepted by the Managers only on the immediately following Dealing Day. This Realisation Price will be determined only on the Business Day following the Dealing Day.

### 11.4 How realisation proceeds are calculated

The following is an illustration of the realisation proceeds that you will receive based on a holding of 1,000 Units and a notional Realisation Price of \$1.050\*.

1,000	x	\$1.050	=	\$1,050.00	-	Nil	=	\$1,050.00
Units to be realised		Realisation Price*		Gross realisation proceeds		Realisation Charge**		Net realisation proceeds payable
<p>* The actual Realisation Price of a Class will fluctuate according to the net asset value of the relevant Class.</p> <p>** There is currently no Realisation Charge imposed.</p> <p>N.B.: All numerical figures used for the purpose of this illustration are hypothetical.</p>								

If you are resident outside Singapore, the Managers shall be entitled to deduct from the realisation proceeds, an amount equal to the excess of the expenses actually incurred over

the amount of expenses which would have been incurred if you had been resident in Singapore.

## **11.5 Payment of realisation proceeds**

**11.5.1** The realisation proceeds will be paid to you within 7 Business Days after the relevant Dealing Day on which the realisation request is received or within such other time as may be permitted by the Authority unless realisation of Units has been suspended in accordance with the Deed.

**11.5.2** In the case of a Holder who has purchased Units with cash, any monies payable to a Holder under the provisions of the Deed in respect of his Units will be paid by cheque sent through the post to his address appearing on the Register or by telegraphic transfer to a nominated bank account. The redemption proceeds will be paid in the currency of the Class being redeemed.

**11.5.3** In the case of a Holder who has purchased Units with SRS monies, any monies payable to him under the provisions of the Deed in respect of his Units will be paid by transferring the monies to the relevant bank for credit of the Holder's SRS account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where his SRS account has been closed, the monies will be paid to the Holder in accordance with paragraph 11.5.2 or otherwise in accordance with any applicable laws, regulations or guidelines.

**11.5.4** Payment of realisation proceeds made in accordance with the provisions of this paragraph 11.5 will be a satisfaction of the monies payable and shall be a good discharge to the Managers or the Trustee (as the case may be).

## **12. EXCHANGE OF UNITS WITHIN GROUP TRUST**

Units of the Sub-Fund shall not be exchanged for units of any other Group Trust<sup>15</sup> unless otherwise permitted by the Managers at their sole discretion.

## **13. CONVERSION OF UNITS**

Units of the Sub-Fund shall not be converted into units of another sub-fund of the Fund unless otherwise permitted by the Managers at their sole discretion.

## **14. OBTAINING PRICES OF UNITS**

The Issue Price and Realisation Price of Units will be available on the Business Day following each Dealing Day.

You may check such prices on the Managers' website at <http://www.nikkoam.com.sg>.

## **15. SUSPENSION OF DEALINGS**

**15.1** Subject to the provisions of the Code, the Managers may at any time, with the approval of the Trustee, suspend the issue of Units, the right of Holders to require the realisation of

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<sup>15</sup> "Group Trust" means such collective investment scheme which the Managers may at its discretion from time to time allow the exchange of Units/units into or from pursuant to the Deed. The list of Group Trusts may vary from time to time and is available from the Managers upon request.

Units and/or the valuation of Units and/or the Deposited Property of the Sub-Fund or any Class in, but not limited to, the following circumstances:

- 15.1.1** any period when any Recognised Stock Exchange (as defined in the Deed) on which any Authorised Investment forming part of the Deposited Property for the time being is listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
- 15.1.2** during any period when there exists any state of affairs which, in the opinion of the Managers or the Trustee, as the case may be, might seriously prejudice the interest of the Holders of the Sub-Fund or the relevant Class as a whole or of the Deposited Property;
- 15.1.3** any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on any Recognised Stock Exchange or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained;
- 15.1.4** any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers or the Trustee, as the case may be, be carried out at normal rates of exchange;
- 15.1.5** any period when the fair value of a material portion of the assets of the Sub-Fund cannot be determined and for the purposes of this paragraph, "fair value" of an asset of the Sub-Fund is the price that the Sub-Fund would reasonably expect to receive upon the sale of the asset;
- 15.1.6** during any period when dealings in the units or shares of any Underlying Entity<sup>16</sup> of the Sub-Fund are restricted or suspended;
- 15.1.7** the period of 48 hours (or any longer period that the Managers and the Trustee agree) prior to the date of any meeting (or adjourned meeting) of Holders of the Sub-Fund or the relevant Class convened in accordance with the provisions of the Deed;
- 15.1.8** any period pursuant to an order or direction by the Authority;
- 15.1.9** during any period when the Managers or the Trustee is unable to conduct its business activities or its ability to conduct its business activities is substantially impaired, as a direct or indirect result of local or foreign government restrictions, the imposition of emergency procedures, civil disorder, acts or threatened acts of terrorism, war, strikes, pestilence, natural disaster or other acts of God; or
- 15.1.10** such circumstances as may be required under the provisions of the Code,

and payment for any Units of the Sub-Fund or the relevant Class realised before the commencement of any such suspension but for which payment has not been made before the commencement thereof may, if the Managers and the Trustee so agree, be deferred until immediately after the end of such suspension. Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers and subject to the provisions of the Code, shall terminate as soon as practicable when the condition

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<sup>16</sup> "Underlying Entity" means a mutual fund company or a sub-fund of a mutual fund company or a unit trust or a sub-fund of a unit trust or any other collective investment scheme from time to time determined by the Managers to be invested into by the Sub-Fund and "Underlying Entities" shall be construed accordingly.

giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under this paragraph 15.1 shall exist upon the declaration in writing thereof by the Managers, and in any event, within 21 days of the commencement of the suspension. The period of suspension may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders for the dealing in Units to remain suspended. Such extension is subject to weekly review by the Trustee.

- 15.2** Without affecting the generality of paragraph 15.1, for so long as the Sub-Fund is a Qualifying CIS, subject to the provisions of the Code and the Standards of Qualifying CIS, the Managers may suspend the issue and/or realisation of Units of the Sub-Fund or any Class of the Sub-Fund when (i) dealings in a material portion of the assets of the Sub-Fund are restricted or suspended, provided that the Trustee is consulted; (ii) it is not in the best interests of the Holders of the Sub-Fund to liquidate a material portion of the assets of the Sub-Fund, provided that the Trustee's approval is obtained; (iii) the market value or fair value of a material portion of the assets of the Sub-Fund cannot be determined, provided that the Trustee's approval is obtained; (iv) instructed by the Authority in the interest of protecting the rights of Holders of the Sub-Fund; or (v) such circumstances as may be required under the provisions of the Code or the Standards of Qualifying CIS. For the avoidance of doubt, the grounds for suspension in paragraph 15.1 above shall apply to the Sub-Fund insofar as the said grounds are not inconsistent with this paragraph 15.2 or the Standards of Qualifying CIS. In the event of any inconsistency, the provisions of this paragraph 15.2 shall prevail.
- 15.3** The Managers may, with the approval of the Trustee, limit the total number of Units of the Sub-Fund or any Class which Holders may realise and which the Managers are entitled to have cancelled pursuant to the Deed (as the case may be) on any Dealing Day to 10% of the total number of Units of the Sub-Fund or Class (disregarding any Units of the Sub-Fund or Class which have been agreed to be issued), such limitation to be applied pro rata to all Holders of the Sub-Fund or Class who have validly requested realisations in relation to their Units of the Sub-Fund or Class on such Dealing Day so that the proportion realised of each holding of the Sub-Fund or Class so requested to be realised or cancelled pursuant to the Deed is the same for all Holders of the Sub-Fund or Class. Any Units of the Sub-Fund or Class which, by virtue of the powers conferred on the Managers by this paragraph, are not realised or cancelled (as the case may be) shall be realised or cancelled (subject to any further application of the provisions of this sub-paragraph) on the next succeeding Dealing Day PROVIDED THAT if on such next succeeding Dealing Day, the total number of Units of the Sub-Fund or Class to be cancelled or realised (as the case may be), including those carried forward from any earlier Dealing Day, exceeds such limit, the Managers may further carry forward the requests for realisation or cancellation (as the case may be) in relation to the Sub-Fund or Class until such time as the total number of Units of the Sub-Fund or Class to be realised or cancelled (as the case may be) on a Dealing Day falls within such limit. If realisation requests in relation to the Sub-Fund or Class are carried forward as aforesaid, the Managers shall give notice to the Holders of the Sub-Fund or Class affected thereby within 7 days that such Units have not been realised or cancelled and that (subject as aforesaid) they shall be realised or cancelled on the next succeeding Dealing Day. Requests for realisations which have been carried forward from an earlier Dealing Day shall be dealt with in priority to later requests.
- 15.4** If, immediately after any relevant day, the number of Units of the Sub-Fund or Class in issue or deemed to be in issue, having regard to realisations and issues in respect of Units of the

Sub-Fund or Class falling to be made by reference to that relevant day, would be less than such proportion (not exceeding 90% as may be determined by the Managers from time to time of the number of Units of the Sub-Fund or Class in issue or deemed to be in issue on that relevant day, the Managers may with the approval of the Trustee, with a view to protecting the interests of all Holders of the Sub-Fund or Class, elect that the Realisation Price per Unit of the Sub-Fund or Class in relation to all (but not some only) of the Units of the Sub-Fund or Class falling to be realised by reference to that relevant day shall be the price per Unit of the Sub-Fund or Class which, in the opinion of the Managers, reflects a fairer value for the Deposited Property having taken into account the necessity of selling a material proportion of the Investments as at that time constituting part of the Deposited Property, and by giving notice to the Holders of Units of the Sub-Fund or Class affected thereby within 2 Business Days after the relevant day, the Managers may, subject to the Trustee's approval and the provisions of the Code and so long as the Sub-Fund is Qualifying CIS, the Standards of Qualifying CIS, suspend the realisation of those Units of the Sub-Fund or Class for such reasonable period as may be necessary to effect an orderly realisation of Investments in accordance with the Deed. For the purposes of this paragraph the "fairer value" for the Deposited Property shall be determined by the Managers in consultation with an approved broker and upon notification to the Trustee. The "material proportion" of the Investments means such proportion of the Investments which when sold would in the opinion of the Managers in consultation with the Trustee cause the value of the Deposited Property to be significantly reduced.

## **16. PERFORMANCE OF THE SUB-FUND**

### **16.1 Past performance**

The performance of the USD Class Units as at 28 February 2018 is shown in the table below:

	One Year	Since Inception (A.C.R.)
USD Class Units	26.30%	7.49%
CSI 300 Index (Net Total Return)	28.73%	9.35%

Calculated on a NAV-NAV basis, USD, based on the assumption that all dividends and distributions are reinvested, if any, and taking into account the maximum Initial Sales Charge and the Realisation Charge where applicable.

Source: Nikko Asset Management Asia Limited

Inception Date: 7 September 2015

"A.C.R." means Average Annual Compounded Return

As the RMB Class Units and SGD Class Units of the Sub-Fund have not been incepted as at the date of registration of this Prospectus, a track record of at least one year is not available for these Classes.

### **16.2 Expense ratio**

The expense ratio of the USD Class Units of the Sub-Fund (computed for the period from 1 January 2017 to 31 December 2017) is 2.55%.

The expense ratio will be calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios (the "IMAS Guidelines") and based on figures in the latest audited accounts of the Sub-Funds. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) interest expenses;
- (c) foreign exchange gains and losses of the Sub-Fund, whether realised or unrealised;
- (d) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign exchange unit trust or mutual fund;
- (e) tax deducted at source or arising from income received, including withholding tax; and
- (f) dividends and other distributions paid to Holders.

### **16.3 Turnover ratio**

The turnover ratio for the Sub-Fund (computed for the period from 1 January 2017 to 31 December 2017) is 87.95%.

The turnover ratio is calculated based on the lesser of purchases or sales expressed as a percentage of average net asset value ("NAV"), i.e. average daily NAV over, as far as possible, the same period used for calculating the expense ratio.

## **17. SOFT DOLLAR COMMISSIONS/ ARRANGEMENTS**

### **17.1 Appointment of soft dollar brokers**

Soft dollar brokers will be appointed onto the Managers' broker panel only after the Managers have ensured that:

- (a) full disclosure of the practice of accepting soft dollars is made;
- (b) the commission rates charged are comparable with the market rates;
- (c) there is no conflict of interest;
- (d) the soft dollar credits are used only for clearly defined services;
- (e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- (f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full-service brokers.

#### **Execution and allocation**

If the Trustee objects to the use of the soft dollar brokers, the trades of the Sub-Fund shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full-service brokers.

It is the responsibility of the Managers to ensure that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a “best execution” basis.

**17.2** Subject to the provisions of the Code, in its management of the Sub-Fund, the Managers may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Sub-Fund and the soft dollars received would be restricted to the following kinds of services:

- (a) specific advice as to the advisability of dealing in, or of the value of any investments;
- (b) research and advisory services;
- (c) economic and political analysis;
- (d) portfolio analysis including valuation and portfolio measurements;
- (e) market analysis;
- (f) data and quotation services;
- (g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- (h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- (a) travel, accommodation and entertainment expenses;
- (b) general administrative goods and services including office equipment and premises;
- (c) membership fees;
- (d) employee salaries; and
- (e) direct money payments / rebates.

Records of the payments made using soft dollar commissions shall be retained with the Managers.

**17.3** The Managers will not accept or enter into soft-dollar commissions / arrangements unless:

- (a) such soft-dollar commissions / arrangements would in the opinion of the Managers, assist the Managers in their management of the Sub-Fund;
- (b) at all times, best execution is carried out by the Managers for the transactions; and
- (c) no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

**17.4** Please note that with effect from 25 January 2018, the Managers have ceased to receive soft dollar commissions, or enter into soft dollar arrangements, in its management of the Fund.

## **18. CONFLICTS OF INTEREST**

**18.1** Other than the Sub-Fund, the Managers are also the managers of other collective investment schemes including but not limited to:

- (a) Nikko AM Shenton Japan Fund
- (b) Nikko AM Shenton Thrift Fund
- (c) Nikko AM Shenton Income Fund
- (d) Nikko AM Shenton Asia Pacific Fund
- (e) Nikko AM Shenton Greater China Fund
- (f) Nikko AM Shenton Global Opportunities Fund
- (g) Nikko AM Shenton World Bank Green Bond Fund
- (h) Nikko AM Shenton Emerging Enterprise Discovery Fund
- (i) Nikko AM Shenton Horizon Investment Funds
- (j) Nikko AM Shenton Eight Portfolios
- (k) Nikko AM Asia Investment Funds
- (l) Nikko AM Shenton Short Term Bond Funds
- (m) Nikko AM Asia Healthcare Fund
- (n) ABF Singapore Bond Index Fund
- (o) Nikko AM Singapore STI ETF
- (p) Nikko AM Asia Limited Investment Series
- (q) Nikko AM Japan Dividend Equity Fund
- (r) MSIG Asian Bond Fund
- (s) Nikko AM China Onshore Bond Fund
- (t) Nikko AM Global Multi Asset Conservative Fund
- (u) Nikko AM ASEAN Equity Fund
- (v) Nikko AM All China Equity Fund
- (w) Nikko AM Asia Limited Fixed Term Investment Series
- (x) NikkoAM-StraitsTrading Asia ex Japan REIT ETF

**18.2** The Managers may from time to time have to deal with competing or conflicting interests of the above schemes with the Sub-Fund. For example, the Managers may make a purchase or sale decision on behalf of some or all of the above schemes without making the same decision on behalf of the Sub-Fund, as a decision whether or not to make the same investment or sale for the Sub-Fund depends on factors such as the cash availability and portfolio balance of the Sub-Fund. However, the Managers will use their reasonable endeavours at all times to act fairly and in the interests of the Sub-Fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the above-mentioned schemes and the Sub-Fund, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the above-mentioned schemes and the Sub-Fund. The Managers may also transact on the Sub-Fund's behalf with its affiliates. It is the Managers' intention to deal with any conflicts of

interests in a manner consistent with any applicable guidelines which may be issued from time to time by the Investment Management Association of Singapore.

- 18.3** The Managers are of the view that they are not in a position of conflict in managing their other funds as these funds and the Sub-Fund have different investment universes and investment restrictions. To the extent that there are overlapping investment objectives, the Managers will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a pro-rata basis among the funds. The Managers will conduct all transactions with or for the Sub-Fund at arm's length. For the avoidance of doubt, please note that the Sub-Fund may invest in other schemes managed by the Managers.
- 18.4** The Trustee is presently also offering registrar services to the Sub-Fund while the Singapore Custodian, a party related to the Trustee, is presently also providing fund administration and valuation services to the Sub-Fund. These services are provided on an arm's length basis and the fees for these services are permitted to be paid out of the Deposited Property of the Sub-Fund under the provisions of the Deed.
- 18.5** The Managers and the Trustee will conduct all transactions with or for the Sub-Fund on an arm's length basis.
- 18.6** The Managers or their respective affiliates (together the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause conflicts of interest with the management of the Sub-Fund. Each of the Parties will ensure that the performance of their respective duties will not be impaired by any such involvement. In the event a conflict of interest does arise, the Parties will endeavour to ensure that it is resolved fairly and in the interest of the Holders.
- 18.7** Associates of the Trustee may be engaged to provide financial, banking and brokerage services to the Fund or the Sub-Fund. Such services where provided, will be on an arm's length basis and they shall not be liable to account to any person for any profits or benefits made or derived by them in connection with any such services. If there is a conflict of interest, the Trustee will endeavor to resolve such conflict quickly and in the interest of the Holders in an equitable manner.
- 18.8** The Managers or the Trustee may own, hold, dispose or otherwise deal with Units as though they were not a party to the Deed. In the event of any conflict of interest arising as a result of such dealing, the Managers and the Trustee, following consultation with the other, will resolve such conflict in a just and equitable manner as they shall deem fit. Such dealings, where entered into, will be on an arm's length basis.
- 18.9** For as long as the Sub-Fund is a Qualifying CIS, any measures taken by the Managers to minimise or deal with conflicts of interest in respect of this Sub-Fund will also be subject to the provisions of the Standards of Qualifying CIS.

## **19. REPORTS**

- 19.1** The financial year-end for the Sub-Fund is 31 December. Holders may obtain electronic copies of the annual accounts of the Sub-Fund, reports of the auditors on the annual accounts of the Sub-Fund and the annual reports of the Sub-Funds for the relevant financial year (collectively, the "**Reports**") from the Managers' website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg). The Reports will be made available on the Managers' website within three (3) months of the financial year-end of the Sub-Fund and will remain on the Managers' website for at least 12

months from the date of posting on the Managers' website. Printed copies of the Reports are not sent to Holders. However, Holders who would like to receive printed copies of the Reports may submit the relevant request to the Managers or the relevant distributor.

- 19.2** Holders may obtain electronic copies of the semi-annual report and semi-annual accounts of the Sub-Fund (collectively, the "**Semi-Annual Reports**") from the Managers' website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg). The Semi-Annual Reports will be made available on the Managers' website within two (2) months of the end of the period covered by the relevant report and accounts and will remain on the Managers' website for at least 12 months from the date of posting on the Managers' website. Printed copies of the Semi-Annual Reports are not sent to Holders. However, Holders who would like to receive printed copies of the Semi-Annual Reports may submit the relevant request to the Managers or the relevant distributor.

## **20. QUERIES AND COMPLAINTS**

You should contact the distributor from whom you purchased your Units if you have any queries regarding your investment in the Sub-Fund. You may also contact the Managers at 1800 535 8025.

## **21. OTHER MATERIAL INFORMATION**

- 21.1** Investors should note that upon the Fund or the Sub-Fund being terminated in accordance with the Deed, and unless a Holder of Units redeems, exchanges or converts his/her Units (if permitted to do so) in accordance with the provisions of the Deed prior to the effective date of the termination of the Fund or the Sub-Fund (or such other date as the Managers and the Trustee may deem appropriate), such Holder's Units may at the discretion of the Managers (in consultation with the Trustee) be automatically exchanged or converted to units of such other scheme managed by the Managers or any other sub-fund of the Fund (if established). The Holders shall not be liable for any Initial Sales Charge, Exchange Fee, Conversion Fee, Realisation Charge or other fees, charges or expenses (whether incurred by the Managers or otherwise) pursuant to such automatic exchange or conversion. Please refer to the Deed for more information.
- 21.2** You should refer to the Deed before investing in the Sub-Fund. The Deed is a legal document which sets out the rights, responsibilities and obligations of the Managers, Trustee and Holders. You may wish to inspect a copy of the Deed at the business address of the Managers indicated in paragraph 1.3 above. If you are in any doubt regarding the contents of this Prospectus, you should contact the Managers at the telephone number provided in paragraph 20 above, or consult your solicitor, financial adviser or other professional adviser.
- 21.3 Valuation**
- 21.3.1** Save as otherwise expressly provided in the Deed, and subject always to the requirements of the Code, for the purpose of determining the Value of any Deposited Property or any part thereof or any Investment (as defined in the Deed) comprised or to be comprised therein by the Managers or other agents on behalf of the Managers:-
- (a) the Value shall be determined as at each Valuation Point in respect of the relevant Dealing Day;

- (b) the Value of any Unquoted Investment (as defined in the Deed) shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the following provisions:-
- (i) the initial value of such Unquoted Investment shall be the amount expended out of the relevant Deposited Property in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Fund); and
  - (ii) the Managers may at any time with the approval of the Trustee and shall at such times or at such intervals as the Trustee may request cause a revaluation to be made of any Unquoted Investment by an Approved Valuer (as defined in the Deed) approved by the Trustee as qualified to value such Unquoted Investment;
- (c) the Value of any Quoted Investment (as defined in the Deed) shall be calculated, as the case may be, by reference to the price appearing to the Managers to be the official closing price, the last known transacted price or the last transacted price or if there is no such official closing price, last known transacted price or last transacted price and if bid and offer quotations are made or other appropriate closing prices determined by the Managers in consultation with the Trustee in relation to that Investment;
- (d) cash, deposits and similar property shall be valued (by a person approved by the Trustee as qualified to value such cash, deposits and similar property) at their face value (together with accrued interest) unless in the opinion of the Managers (after consultation with the Trustee), any adjustment should be made;
- (e) units in any unit trust or shares or participations in open-ended mutual funds shall be valued at the latest available net asset value per unit or share or participation as valued by the issuer thereof or if bid and offer prices are published, the latest published bid price;
- (f) futures contracts shall be valued:
- (i) in the case of a futures contract for the sale of the subject matter thereof, the amount equal to the contract value less the sum of the amount required to close the contract and the amount spent by the Sub-Fund to enter into the contract; and
  - (ii) in the case of a futures contract for the purchase of the subject matter thereof, the amount equal to the amount required to close the contract less the sum of the contract value and the amount spent by the Sub-Fund to enter into the contract;
- (g) gold (to the extent permitted by the Code) shall be valued by reference to the mean of the bid and offered prices in United States dollars per troy ounce of gold on the spot gold market in Singapore at the time of calculation; and

- (h) any other property forming part of the Authorised Investments (as defined in the Deed) shall be valued (by a person approved by the Trustee as qualified to value such property) at such time or times as the Managers and the Trustee shall from time to time agree;

PROVIDED THAT if the quotations referred to in sub-paragraphs (c), (e) and (g) above are not available or if the Value of the Authorised Investment determined in the manner described in sub-paragraphs (b) to (h) above, in the opinion of the Managers do not represent a fair value of the Authorised Investment, then the value of such Authorised Investment shall be any fair value as the Managers may determine with due care and in good faith and with the consent of the Trustee and in determining such fair value, the Managers may rely on quotations for the Investment on any Recognised Stock Exchange or telephone market or any certified valuation by an Approved Broker (as defined in the Deed) or an Approved Valuer. The method of calculation of the Value of any Investment may be changed to the extent permitted by the Authority and with the Trustee's prior approval, and the Trustee shall determine if the Holders should be informed of such change and the Managers shall notify the Holders of such change if so required by the Trustee.

PROVIDED FURTHER THAT for so long as the Sub-Fund is a Qualifying CIS, any Authorised Investment which is:

- (i) a Quoted Investment shall be valued based on the official closing price or last known transacted price on the organised market (as defined in the Standards of Qualifying CIS) on which the Quoted Investment is quoted; and
- (ii) an Unquoted Investment or a Quoted Investment where the transacted prices are not representative or not available to the market, shall be valued based on the fair value of the Unquoted Investment or the Quoted Investment determined with due care and in good faith and in accordance with the Standards of Qualifying CIS, by the Managers and/or an approved valuer approved by the Trustee as qualified to value such Unquoted Investment or Quoted Investment and the Managers shall document the basis and approach for determining the fair value of the Unquoted Investment or the Quoted Investment.

**21.3.2** The Managers shall not, subject to the provisions of the Code and the Standards of Qualifying CIS (where applicable), incur any liability by reason of the fact that a price reasonably believed by them to be the last sale price or other appropriate closing price may be found not to be such Provided That such liability shall not have arisen out of the negligence or wilful acts or omissions of the Managers, and the Trustee shall not assume any liability in accepting the opinion of the Managers in any case.

**21.3.3** In calculating the Value of the Deposited Property or any part thereof:-

- (a) subject to clause 9.6 of the Deed, every Unit agreed to be issued by the Managers before the relevant Valuation Point shall be deemed to be in issue and the relevant Deposited Property shall be deemed to include not only property in the possession of the Trustee but also the value of any cash or other property to be received by the Trustee in respect of Units so agreed to be issued after deducting therefrom or providing thereout the

Initial Sales Charge or the Conversion Fee (if any) or any fee in connection with the exchange of Units (as the case may be) and the amount of any adjustments authorised by the Deed and (in the case of Units issued against the transfer of Authorised Investments) any amounts payable pursuant to clause 10 of the Deed;

- (b) where Investments have been agreed to be sold or purchased but such sale or purchase has not been completed, such Investments shall be excluded or included and the net sale or gross purchase consideration included or excluded (as the case may require) as if such sale or purchase had been duly completed;
- (c) where in consequence of any notice or request in writing given pursuant to clauses 13 or 14 of the Deed a reduction of the Sub-Fund by the cancellation of Units is to be effected but such reduction has not been completed those Units shall be deemed not to be in issue and any amount payable in cash and the Value of any Investments to be transferred out of the Deposited Property pursuant to such reduction shall be deducted from the Value of the Deposited Property;
- (d) there shall be deducted any amounts not provided for above which are payable out of the Deposited Property pursuant to clause 5 of the Deed, including but not limited to, the aggregate amount for the time being outstanding of any borrowings effected pursuant to clause 21 of the Deed together with the amount of any interest and expenses thereon accrued pursuant to clause 21.6 of the Deed remaining unpaid and the amount of any Management Fee (which shall be deducted in accordance with paragraph 21.3.4 below if the Management Fee differs between the Classes) accrued pursuant to clause 35 of the Deed, any fees payable to the Trustee accrued pursuant to clause 36 of the Deed, the Realisation Charge (if any), the registrar's agent's fees, the securities transactions fee, the inception fee of the Trustee and any other expenses accrued but remaining unpaid attributable to the Deposited Property;
- (e) there shall be adjusted such amount as the Managers estimate will become payable or recoverable in respect of taxation related to Income (as defined in the Deed) up to the Valuation Point;
- (f) where the current price of an Investment is quoted "ex" any dividend (including stock dividend), interest or other rights to which the Sub-Fund is entitled but such dividend, interest, property or cash to which such rights relates has not been received and is not otherwise taken into account, the amount of such dividend, interest, property or cash shall be included;
- (g) an amount equal to the expenses incurred by the Managers and the Trustee in establishing and terminating the Fund and/or the Sub-Fund and/or any Class and referred to in clauses 5.9(r) and 5.9(s) of the Deed less the amount thereof which has previously been or is then to be written off shall be included;
- (h) subject to clause 21 of the Deed and the Authorised Funds Investment Guidelines (as defined in the Deed), any Value (whether of an Investment

or cash) otherwise than in RMB and any amounts to be deducted otherwise than in RMB shall be translated into RMB at the rate (whether official or otherwise) which the Managers, after consulting the Trustee or in accordance with a method approved by the Trustee, deem appropriate in all the circumstances having regard, inter alia, to any premium or discount which may be relevant and to the costs of exchange;

- (i) there shall be deducted the amount in respect of tax, if any, on net capital gains realised during a current Accounting Period (as defined in the Deed) prior to the valuation being made as in the estimate of the Managers will become payable attributable to the Sub-Fund; and
- (j) there shall be added the amount of any tax, if any, on capital gains estimated to be recoverable and not received attributable to the Sub-Fund.

**21.3.4** In respect of paragraph 21.3.3 above, the Value of the proportion of the Deposited Property attributable to each Class shall be calculated by apportioning the Value of the Deposited Property (obtained in accordance with paragraphs 21.3.1 and 21.3.3 above provided that no deduction or addition shall be made in respect of expenses, charges or other amounts which are not common to all the Classes) between the Classes and then deducting from or adding to the value of the proportion of the Deposited Property for each Class any expense, charge or other amount attributable to such Class (including, but not limited to, the Management Fee if it differs between Classes). For the avoidance of doubt, where any expense, charge or amount payable out of or payable into the Deposited Property pursuant to the Deed is attributable only to a particular Class within the Sub-Fund, such amount shall only be deducted from or added to the value of the Deposited Property which is attributable to that Class and shall not affect the calculation of the Value of the Deposited Property attributable to the other Classes.

#### **21.4 Valuation policy and performance measurement standards of the Managers**

Valuations shall be done on a frequency in accordance to Dealing Day intervals stated in this Prospectus. There will not be a suspension of valuation by reason of an exchange holiday. In such cases, the last available security prices shall continue to be applied for valuation purposes.

Notwithstanding the foregoing, the Managers' pricing committee will subject to the provisions of the Code and the conditions set out in paragraph 15 retain the discretion to suspend valuation if deemed necessary. The Managers' pricing committee is responsible for considering and arriving at a consensus decision to address any pricing disputes or valuation methodology that requires ad hoc decision due to market situation. Subject to the provisions of the Code, the Managers may request for approval to suspend the valuation and dealing of the Sub-Fund if the fair value of a material portion of the Sub-Fund's assets cannot be determined.

The Managers collate and maintain portfolio and series data in the performance systems on a periodic basis and generates performance results to meet reporting requirements. Time-weighted rate of return (TWRR) methodology is adopted for portfolio returns calculation.

## **21.5 Hard-to-value or illiquid assets**

If the most recent available price for a security invested into by the Sub-Fund exceeds one month for reasons of non-availability of prices from regular market sources and/or counterparties, an appropriate liquidity reserve shall be applied on the last available price in accordance with the Managers' pricing and valuation policy. The adjusted price shall be approved by the Managers' pricing committee prior to application.

## **21.6 Compulsory realisation of Units**

**21.6.1** The Managers have the right (in consultation with the Trustee) to compulsorily realise any holdings of Units in the Sub-Fund held by:

- (a) any Holder:
  - (i) whose subscription for or holding of Units, in the opinion of the Managers, is or may be in breach of any applicable law or regulation in any jurisdiction; or
  - (ii) where such realisation is, in the opinion of the Managers, necessary or desirable for the compliance by the Managers or the Sub-Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
- (b) any Holder whose holdings of Units, in the opinion of the Managers:
  - (i) may cause the Sub-Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
  - (ii) may cause the offer of the Units of the Sub-Fund, the Sub-Fund, this Prospectus, the Deed, the Managers or the Trustee to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or
- (c) any Holder whose holdings of Units, in the opinion of the Managers:
  - (i) may cause a detrimental effect on the tax status of the Sub-Fund in any jurisdiction or on the tax status of the Holders of the Sub-Fund; or
  - (ii) may result in the Sub-Fund or other Holders of the Sub-Fund suffering any other legal or pecuniary or administrative disadvantage which the Sub-Fund or the Holders might otherwise not have incurred or suffered; or
- (d) any Holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where any information and/or documentary evidence requested by the Managers and/or the Trustee for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or

- (e) any Holder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Managers and/or the Trustee pursuant to any laws, regulations, guidelines, directives or contractual obligations with other jurisdictions' authorities (including, without limitation, the FATCA (as defined in the Important Information section of this Prospectus) and/or any Singapore laws, regulations, guidelines and directives implemented as part of any inter-governmental agreement entered into between the United States and Singapore in connection with the FATCA) cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or
- (f) any Holder who does not consent, or withdraws his consent, for the Managers or the Trustee to collect, use and/or disclose information or data relating to the Holder, where such information or data is necessary for, or reasonably required by, the Managers, the Trustee, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of (i) the Sub-Fund and/or (ii) the Holder in relation to his holdings of Units in the Sub-Fund.

**21.6.2** If the Managers and/or the Trustee are required to account to any duly empowered fiscal authority of Singapore or elsewhere for any income or other taxes, charges or assessments whatsoever on the value of any Units held by a Holder, the Managers (in consultation with the Trustee) shall be entitled to compulsorily realise such number of Units held by that Holder as may be necessary to discharge the liability arising. The Managers and/or the Trustee (as the case may be) shall be entitled to apply the proceeds of such realisation in payment, reimbursement and/or set-off against the liability.

**21.6.3** Any compulsory realisation under paragraphs 21.6.1 or 21.6.2 may be carried out by the Managers on any Dealing Day after giving prior written notice to the relevant Holder, and shall be carried out in accordance with, and at the realisation price determined under, the relevant provisions of the Deed.

**21.6.4** The Managers, the Trustee and their respective delegates, agents or Associates (as defined in the Deed) shall not be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any Holder or any party arising out of or caused in whole or in part by any actions which are taken by the Managers, the Trustee and/or any of their respective delegates, agents or associates under paragraphs 21.6.1 or 21.6.2.

**NIKKO ASSET MANAGEMENT ASIA LIMITED**  
**BOARD OF DIRECTORS**

Signed:

Signed:

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Lim Soon Chong  
Director  
(signed by Seet Oon Hui Eleanor for and on  
behalf of Lim Soon Chong)

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Seet Oon Hui Eleanor  
Director

Signed:

Signed:

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Yu-Ming Wang  
Director  
(signed by Seet Oon Hui Eleanor for and on  
behalf of Yu-Ming Wang)

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Junichi Sayato  
Director  
(signed by Seet Oon Hui Eleanor for and on  
behalf of Junichi Sayato)

Signed:

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Hou Wey Fook  
Director  
(signed by Seet Oon Hui Eleanor for and on  
behalf of Hou Wey Fook)

**PROSPECTUS OF NIKKO AM CHINA EQUITY FUND**

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