

PROSPECTUS

Dated 20 March 2023

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

Auditors

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

Custodians

Singapore Custodian

BNP Paribas, operating through its Singapore Branch
(Company Registration No.: S71FC2142G)
20 Collyer Quay, #01-01, Singapore 049319

China Custodian

Bank of China Limited
No.1, Fuxingmen Nei Dajie, Beijing, China 100818

Solicitors to the Managers

Allen & Gledhill LLP
One Marina Boulevard, #28-00, Singapore 018989

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 Onshore Bond Fund (the “**Sub-Fund**”), a 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, as amended (the “**Deed**”) and obtain independent professional advice if there is any doubt or ambiguity. You may inspect copies of the Deed 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 you may encounter under the laws of the country of your citizenship, residence or domicile, and which may be relevant to the subscription, holding or disposal of Units and should inform yourself of and observe all applicable laws and regulations of any relevant jurisdiction that may be applicable to you.

You should consider the normal risks involved in investing and participating in collective investment schemes before investing in the Sub-Fund. You should also carefully consider the risks of investing in the Sub-Fund, details of which are set out in paragraph 9 of this Prospectus. You should note that your investments can be volatile and that the value of Units may decline as well as appreciate. Therefore there is 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. You should only make an investment if you can sustain losses on your investment. You should also satisfy yourself as to whether an investment in the Sub-Fund is suitable for you 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 hedging and/or efficient portfolio management and/or optimising

returns and/or such other purposes as may be permitted by the Authority. Please refer to paragraph 9.2.17 of this Prospectus for further details, including the risks in connection with such investments.

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, realise, convert or exchange your Units through the approved distributors of the Managers subject to the ultimate discretion of the Managers in respect of the purchase, realisation, conversion or exchange of your Units in accordance with the provisions in the Deed. Institutional investors may also apply for, realise or convert/exchange Units through the Managers directly.

The Units are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

You should direct all enquiries in relation to the Fund or the Sub-Fund to the Managers or their approved distributors.

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 Singapore Companies Act 1967) (“**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. your beneficial owners, directors or authorised signatories, if you are not an individual) (such personal data, “**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 from you or persons acting on your behalf or processing your trades or those of 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 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 you consent to and acknowledge all such collection, use and disclosure on behalf of that third party individual. You shall, upon request from any Recipient, promptly provide a copy of the document(s) containing or evidencing such prior consent obtained from such 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, or by any third party individuals whose personal data you have provided to the Recipients (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual), may 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 or 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 (30)

days of any change under FATCA or any laws or regulations that affects 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 (7) days of any request in writing by the Managers or their approved distributors.

You acknowledge that if you fail 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 21.7 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(s) 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 the trust, and (ii) one or more US Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the 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

The Common Reporting Standard ("**CRS**") is an internationally agreed standard for the automatic exchange of financial account information between jurisdictions for tax purposes, to better combat tax evasion and ensure tax compliance. CRS has been implemented in Singapore via Part 20B of the Income Tax Act 1947, read together with the Income Tax (International Tax Compliance Agreements)(Common Reporting Standard) Regulations 2016 (collectively the "**CRS Regulations**"). Singapore has been exchanging financial account information with jurisdictions where Singapore has a competent authority agreement (also known as "partner jurisdictions") since September 2018.

The CRS Regulations require a Singapore financial institution that is a Reporting Financial Institution (as defined in the CRS Regulations, and referred to in this paragraph as an "SGFI") to identify and determine the tax residences of all its account-holders, and in some cases, the controlling persons of an account holder. The SGFI is required to report to the Inland Revenue Authority of Singapore ("**IRAS**") on an annual basis, the particulars and account information of its account holders, and where applicable the particulars of the controlling persons, that are tax residents of partner jurisdictions. The IRAS will in turn transmit the financial account information of such account holders and controlling persons to the respective tax authorities of the partner jurisdictions in which such persons are tax resident pursuant to the terms of the applicable competent authority agreement. .

Accordingly, the Managers and/or the Trustee (as defined in paragraph 1.3 of this Prospectus) will require you to provide, amongst other things, information in relation to your identity and tax residence(s) of your account(s) (and the controlling persons, if any), including tax identification numbers, FATCA and CRS classification status and any additional documentation or information. Where applicable, the information you provided, and the financial account information of your account, will be reported to the IRAS and transmitted to 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.

WARNING

The Sub-Fund may only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution

in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

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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 2001 ("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 only one sub-fund pursuant to this Prospectus, i.e. the Nikko AM China Onshore Bond Fund (the "**Sub-Fund**"). In the future, the Managers may launch other sub-funds of the Fund with different investment objectives.

- 1.2 The date of registration of this Prospectus with the Authority is 20 March 2023. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 19 March 2024) and shall expire on 20 March 2024.

- 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 "**Trust Deed**") entered into between the Managers and BNP Paribas Trust Services Singapore Limited (the "**Trustee**"). The Trust Deed has been amended by a 1st Amending and Restating Deed dated 29 October 2014, a 2nd Amending and Restating Deed dated 15 June 2015, a 1st Supplemental Deed dated 25 April 2017 and a 2nd Supplemental Deed dated 22 March 2021 (collectively, the "**Supplemental/Amending and Restating Deeds**"), each made between the Managers and the Trustee (the Trust Deed as amended by the Supplemental/Amending and Restating Deeds shall be referred to as the "**Deed**"). You may inspect copies of the Deed 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 "**Holders**") (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.

1.5 Accounts and Reports

You may obtain 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, from the Managers' website at www.nikkoam.com.sg.

2. THE MANAGERS

The Managers of the Fund

- 2.1** The managers for the Fund 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.
- 2.3** Subject to Section 295 of the SFA, the Managers may be removed by the Trustee by notice in writing, if they go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a judicial manager or a receiver is appointed over any of their assets. Please refer to the Deed for further information on the role and responsibilities of the Managers and what happens if they become insolvent.
- 2.4** **Directors of the Managers**

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 and is a board member of Affin Hwang Asset Management Berhad. Eleanor is a pioneer in the asset management industry with over 20 years of experience.

Prior to joining the Managers, Eleanor led the distribution effort for iShares concentrating on the wealth management segments across Asia ex-Japan. Previously, she spent 12 years at AllianceBernstein, where she was responsible for building and developing the firm's distribution channels and business. 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.

Kiyotaka Ryu

Kiyotaka has been Chief Administrative Officer (CAO) since July 2018, and Global Head of Corporate Planning and Head of Corporate Planning Division since October 2021. He is responsible for overall business planning and supporting the firm's senior management in the oversight of various functions.

Kiyotaka joined Nikko Asset Management Co., Ltd ("Nikko AM") in September 2007, and went on to hold key positions related to audit, such as Global Head of Internal Audit and Head of Internal Audit Department. In July 2018, he was also appointed Global Head of Internal Control, and in December 2018 took on the roles of Chief Risk Officer and Global Head of Risk Management.

Before joining Nikko AM, he worked for KPMG Business Assurance (currently KPMG Consulting) and the KPMG Sydney Office as a financial and technology auditor and consultant, and served clients from various industries including the financial sector.

Kiyotaka graduated from Waseda University with a Bachelor of Arts in Human Sciences, and has also earned a Master of Professional Accounting Degree from the University of New South Wales. Kiyotaka is a CPA and a member of the American Institute of Certified Public Accountants.

Hiroki Tsujimura

Hiroki Tsujimura is Executive Corporate Officer* (in charge of Corporate Planning and Investment). He is responsible for supporting the President in management of relationships with governmental and industry bodies and strategic direction of the firm. He also oversees all investment management activities.

Tsujimura joined Nikko Asset Management in December 2004 as the firm's Global Head of Alternative Investments and Chief Investment Officer at its New York subsidiary. After relocating to Nikko Asset Management's Tokyo headquarters in August 2010, Tsujimura served as Head of Active Investments, where he was in charge of equity, fixed income and alternative investments. He was appointed Chief Investment Officer (CIO) – Japan in January 2013 and was also named Senior Corporate Managing Director* in April 2014. He was named Executive Vice President* in May 2019, and in June 2019 became CIO and Global Head of Investment. In April 2022, he took on additional oversight of Corporate Planning Division, and has held his current title since November 2022.

Before joining the firm, Tsujimura spent 12 years in the investment and financial industry in the U.S., working in alternative investments serving as Director and Executive Vice President at Nikko Securities International (NSI). He also started NSI's proprietary trading operation in his role as the head of the equity trading department. At Nikko Securities (now SMBC Nikko Securities) in Japan, Tsujimura established a joint venture with an American securities firm, where he served as Executive Vice President and Chief Operating Officer.

He earned his Bachelor's degree from the Faculty of Business and Commerce at Keio University.

**In April 2021, the title "Executive Vice President" was replaced with "Executive Corporate Officer", and the title "Senior Corporate Managing Director" was replaced with "Senior Corporate Officer".*

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 Koh Liang Choon.

Koh Liang Choon

Liang Choon is the Head of Fixed Income at the Managers, and he leads a team of experienced analysts and portfolio managers. He is responsible for managing active Asian fixed income portfolios covering Asian local currency fixed income, Asian credits and Asian currencies.

An investment veteran with more than 30 years of investment experience, he has been with the Managers since October 2010 when it was known as DBS Asset Management Ltd prior to its acquisition by Nikko Asset Management Group. Prior to this, Liang Choon has worked with APS Komaba Asset Management Pte Ltd (“**APS**”), DBS Asset Management Ltd, Nomura Singapore Limited and Dresdner Bank. Liang Choon joined APS as a founding member in 2005. Before that, Liang Choon spent four years with DBS Asset Management Ltd managing institutional mandates covering Singapore, Asian and global bond markets. Liang Choon began his career at the trading desks of Nomura Singapore Limited and Dresdner Bank where he gained trading experience in Asian fixed income and currency markets.

He holds a Bachelor of Business Administration with majors in Finance and International Business from Simon Fraser University, Canada, and a Master of Science (Applied Finance) from the National University of Singapore. Liang Choon is also a Chartered Financial Analyst charterholder.

3. THE TRUSTEE

The trustee for the Fund 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.

The Trustee may be removed by the Managers by notice in writing, if it goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a judicial manager or a receiver is appointed over any of its assets. Please refer to the Deed for further information on the role and responsibilities of the Trustee and what happens if the Trustee becomes insolvent.

4. OTHER PARTIES

The registrar

- 4.1** The registrar is the Trustee and the register of Holders (the “**Register**”) is maintained by the registrar. Holders may inspect the Register 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.

The auditors

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

The custodians

- 4.3** The custodian in respect of the onshore securities and cash in the People’s Republic of China (“**PRC**”) that the Sub-Fund invests in (the “**China Securities**”) is Bank of China Limited (the “**China Custodian**”). 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 China Custodian has duly obtained all approvals, permits, licences and other authorisations from the CSRC, PBOC¹, and SAFE² to act as a PRC custodian. As a custodian, it will keep the China Securities separate from its own assets and any other assets held by it for the benefit of any others and will ensure that the China Securities are separately recorded in its books and records.

In the event that the China Custodian becomes insolvent, the Managers may terminate the appointment of the China Custodian and appoint such other person as the new custodian in respect of the China Securities to provide such custodial services to the Sub-Fund.

The custodian in respect of the Deposited Property³ of the Sub-Fund other than the China Securities (the “**Singapore Custodian**”) is BNP Paribas, operating through its Singapore branch, with its registered address at 20 Collyer Quay, #01-01, Singapore 049319. 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. The Singapore Custodian is licensed and regulated in Singapore by the Authority. The sub-custodians appointed by the Singapore Custodian are regulated in their home jurisdictions.

In the event that the Singapore Custodian becomes insolvent, the Trustee may terminate the appointment of the Singapore Custodian and, in accordance with the Deed, appoint such other person as the new custodian to provide custodial services to the Sub-Fund.

The administrator

- 4.4** The administrator of the Fund (the “**Administrator**”) is BNP Paribas, operating through its Singapore Branch, with its registered address at 20 Collyer Quay, #01-01, Singapore 049319. The Managers have delegated their accounting and valuation functions in respect of the Sub-Fund to the Administrator.
- 4.5** BNP Paribas, operating through its Singapore Branch) has been appointed as the collateral management service provider for the Sub-Fund in respect of the OTC derivative transactions carried out by the Sub-Fund.

¹ “**PBOC**” means the People’s Bank of China.

² “**SAFE**” means the State Administration of Foreign Exchange of the PRC.

³ “**Deposited Property**” means all of the cash assets and other property for the time being comprised in the Sub-Fund or deemed to be held upon the trusts of the Deed for account of the Sub-Fund excluding any amount for the time being standing to the credit of the Distribution Account (as defined in the Deed) of the Sub-Fund.

4.6 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. The Managers must complete due diligence on the counterparties, brokers and/or prime brokers and obtain the relevant internal approvals for their inclusion onto the panel. However, for inclusion onto the panel of counterparties, brokers and/or prime brokers to transact in foreign exchange, over-the-counter derivatives, secured/unsecured call loan or securities lending, approval must also be sought from the risk management department of the Managers' parent company, Nikko AM.

4.7 The Managers will delegate certain transfer agency functions, in respect of the Sub-Fund, to BNP Paribas, operating through its Singapore Branch, with effect from 1 April 2023 (or such other date as may be determined from time to time). The services are to be provided to the Sub-Fund pursuant to the terms of a transfer agency agreement between the Managers and BNP Paribas, operating through its Singapore Branch.

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 the Sub-Fund only. The base currency of the Sub-Fund is RMB⁴.

5.2 The Managers have the discretion to establish different classes of Units (each a "Class" and collectively the "Classes") from time to time. There are currently three Classes of Units within the Sub-Fund, namely the RMB Class Units (denominated in RMB), the SGD Class Units (denominated in SGD) and the USD Class Units (denominated in USD).

5.3 The Classes differ in terms of their currency of denomination and minimum initial and subsequent investment amounts. Please refer to paragraph 10.10 of this Prospectus on the availability of a regular savings plan for the Classes.

6. INCLUSION UNDER THE CENTRAL PROVIDENT FUND INVESTMENT SCHEME ("CPFIS")

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

7. INVESTMENT OBJECTIVE, FOCUS AND APPROACH / PRODUCT SUITABILITY / DISTRIBUTION POLICY

7.1 Investment Objective, Focus and Approach

The investment objective of the Sub-Fund is to provide a total return of capital growth and income over the medium to long-term.

In order to achieve its investment objective, the Sub-Fund will invest by virtue of the Managers' RQFII capacity under the QFI⁵ framework, primarily in a portfolio of fixed income instruments issued onshore in the PRC which may include, but will not be limited to, certificates of deposits, preferred shares, fixed and floating bonds, convertible bonds, notes, bond and money market

⁴ "RMB" means Renminbi, the lawful currency of the PRC.

⁵ "QFI" means a qualified foreign investor (including qualified foreign institutional investors) (QFI) and RMB qualified foreign institutional investors (RQFII) approved pursuant to the relevant PRC regulations (as amended from time to time).

funds, and such other fixed income instruments issued in the PRC by governments, government entities, quasi-government entities, corporations and/or financial institutions (known collectively as "**Onshore RMB Income Instruments**").

Although the Sub-Fund will invest primarily in Onshore RMB Income Instruments, the Sub-Fund may, at the absolute discretion of the Managers, invest in fixed income instruments issued offshore outside of the PRC and that are denominated in RMB (known collectively as "**Offshore RMB Income Instruments**") as well. The Sub-Fund may also invest in fixed income instruments issued by Chinese entities that are denominated in currencies other than the RMB ("**Non-RMB Income Instruments**"). The Managers in their absolute discretion may elect to hedge the currency exposure of the Sub-Fund's investments in Non-RMB Income Instruments back to the base currency of the Sub-Fund (i.e. RMB). The Sub-Fund's combined investments in Offshore RMB Income Instruments and Non-RMB Income Instruments shall not exceed 30% of the Sub-Fund's total net asset value at all times.

The Sub-Fund's combined investments in convertible bonds and preferred shares shall not exceed 20% of the Sub-Fund's total net asset value at all times.

The Sub-Fund may also invest in investment grade bonds and non-investment grade bonds, all of which will be subject to a minimum credit rating of "B-" by Standard & Poor's ("**S&P**") or an equivalent rating by Moody's Investors Service ("**Moody's**") or Fitch Ratings ("**Fitch**")⁶. The Sub-Fund may not invest more than 60% of its total net asset value in non-investment grade bonds⁷. If a credit rating is not available from any of the 3 aforementioned rating agencies, the Managers will use their internal credit rating to ensure that the Sub-Fund is in compliance with the above credit rating requirements.

There is no target industry or sector.

Under current regulations in the PRC, foreign investors (such as the Sub-Fund) may invest in certain eligible onshore PRC investments, in general, via the China Interbank Bond Market ("**CIBM**"), Bond Connect or through entities that have obtained status as a QFI from the CSRC. The Sub-Fund invests in the Onshore RMB Income Instruments through the Managers' status as a RQFII.

QFI

Under current QFI regulations in the PRC, foreign institutional investors seeking to invest directly in the PRC domestic securities market may apply for a QFI licence. The Managers have obtained a RQFII licence in the PRC and according to applicable rules in the PRC, the Managers will be considered as a QFI. The Managers currently intends to use its RQFII capacity under the QFI framework to obtain exposure to securities and instruments issued within the PRC for the purpose of the Sub-Fund's direct investment into the PRC.

Overview of the PRC bond market

The PRC's domestic bond market primarily consists of two markets: the inter-bank bond market and the exchange-traded bond market. Despite some interconnections amongst them,

⁶ If a bond has official credit ratings from 2 or more of the 3 aforementioned crediting rating agencies, the lowest rating will be used.

⁷ Non-investment grade bonds refers to bonds that are rated below "BBB-" by S&P or an equivalent rating by Moody's or Fitch.

these markets are differentiated by investor segmentation, product segmentation and regulatory separation. Currently, the inter-bank bond market is much larger in terms of trading volume and is relatively more liquid than the exchange-traded bond market.

You should note that approval from the PBOC (the “**PBOC Approval**”) is required in order for the Sub-Fund to directly access the inter-bank bond market in the PRC and that the Managers have obtained the PBOC Approval. The Managers may therefore invest in inter-bank bonds issued in the PRC on behalf of the Sub-Fund.

Please refer to paragraph 9.2.16 of this Prospectus for further details on the risks of investing in the CIBM.

Overview of Investment in the China Interbank Bond Market via Northbound Trading Link under Bond Connect

The Sub-Fund may invest in the mainland China interbank bond markets (“**China Interbank Bond Market**”) via Bond Connect (as defined and described below) and will be subject to the additional risks set out in Paragraph 9.2.15 to this Prospectus.

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

Under the prevailing regulations in mainland China, eligible foreign investors (such as the Managers) will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect (“**Northbound Trading Link**”). There will be no investment quota for the Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People’s Bank of China (“**PBOC**”) as registration agents to apply for registration with the PBOC.

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

7.2 Product Suitability

The Sub-Fund is suitable for investors who:

- (A) seek a total return of capital growth and income over the medium to long-term;
- (B) seek exposure to RMB and listed and unlisted RMB denominated fixed income instruments; and
- (C) are willing and able to accept that their principal will be at risk.

You should consult your financial advisers if in doubt as to whether the Sub-Fund is suitable for you.

7.3 Distribution Policy

The Managers currently intend to make monthly distributions of approximately 4-7% per annum of the net asset value per Unit to Holders of each Class.

The Managers have the sole and absolute discretion to determine whether a distribution is to be made and the frequency and amount 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. In addition to distributions to Holders out of distributable income and/or capital gains, the Managers at their sole discretion may make capital distributions to Holders at such time as they deem fit in accordance with the provisions of the Deed. **Where distributions are paid out of the capital of the Sub-Fund, the capital of the Sub-Fund will be reduced. Any distribution made in respect of the Sub-Fund will be reflected as a reduction in the Realisation Price of Units.** Therefore, Holders redeeming their Units may receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Holders.

8. FEES AND CHARGES

8.1 The following fees and charges are applicable to the Sub-Fund⁸:

Fees and charges payable by a Holder/an investor	
Initial Sales Charge ⁸	Current: Up to 5.00%; Maximum: 5.00% (Subject to the terms and conditions applicable to the exchange and conversion of units set out in paragraphs 12 and 13)
Realisation Charge	Current: Nil; Maximum: 1.00%
Conversion Fee/Exchange Fee	Where the Initial Sales Charge paid for the Units being converted or exchanged is less than the initial sales charge payable for the units being acquired, the Managers shall be entitled to charge for the difference. For the avoidance of doubt, where the Initial Sales Charge paid for the Units being converted or exchanged is more than the initial sales charge

⁸ **“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.

	payable for the units being acquired, the Managers shall be entitled to retain the difference.
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Fees and Charges payable by the Sub-Fund	
Annual Management Fee	Current: 0.90%; Maximum: 2.00%
(a) Retained by Managers	(a) 40% to 100% of the Annual Management Fee
(b) Paid by Managers to financial adviser (trailer fee)	(b) 0% to 60% ⁹ of the Annual Management Fee
Annual Trustee Fee	Current: 0.03%; Maximum: 0.10%. Subject always to a minimum fee of S\$5,000 p.a.
Other Fees and Charges [*]	Subject to agreement with the relevant parties, other fees and charges, including, <i>inter alia</i> fees payable to the China Custodian, the fund administration fee and the audit fee 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.

* For the financial year ended 31 December 2021, the professional fees and audit fee amounted to approximately 0.11% and 0.11% respectively based on the NAV of the Fund as at 31 December 2021.

[^] You should note that the fees and charges applicable to the Sub-Fund (including fees based on the NAV of the Sub-Fund) will be based on the NAV before Swing Pricing adjustment (if any) is applied. Please refer to paragraph 21.11 of this Prospectus for further details.

8.2 The Initial Sales Charge, the Conversion Fee and the Exchange Fee where applicable, will be retained by or paid to the approved distributors of the Managers and/or the Managers for their own benefit or will be shared between the approved distributors and the Managers. 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 the approved 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. The approved distributors may also charge additional fees not listed in this Prospectus. You should therefore check with the approved distributors before subscribing for Units.

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

⁹ Your financial adviser is required to disclose to you the amount of trailer fee it receives from the Managers.

maximum permitted) or allow discounts on such basis or on such scale as the Managers may think fit.

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, there is no assurance that this objective will be achieved. You should read this Prospectus and discuss all risks with your financial and legal advisers before making an investment decision. You should also 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 this may be in response to changes in interest rates, foreign exchange, and economic and political conditions. 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 and is not suitable for short-term speculation. The value of the Sub-Fund and its distributions (if any) may rise or fall.

9.1.3 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 Risks regarding QFI status: You should note that the Managers' QFI 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 QFI status. You should also note that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. In extreme circumstances, the Sub-Fund may incur significant losses due to its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to QFI 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.

The rules and restrictions under QFI regulations generally apply to the Managers (in their capacity as a QFI) as a whole and not simply to the investments made by the Sub-Fund. Relevant PRC regulators are vested with the power to impose regulatory sanctions if the QFI or the QFI custodian (i.e. in the Sub-Fund's case, being the China Custodian) violates any provision of the applicable QFI rules. Any violations could result in the revocation of the QFI's licence or other regulatory sanctions and may adversely impact the investment by the Sub-Fund.

9.2.2 Repatriation and liquidity risks: In addition, certain restrictions imposed by the Chinese government on QFIs may have an adverse effect on the Sub-Fund's liquidity and performance. The PBOC and the SAFE regulate and monitor the repatriation of funds out of the PRC by QFIs pursuant to the QFI Rules. No lock-up period is imposed on the capital remitted by the Sub-Fund). Repatriations by QFIs in respect of the Sub-Fund 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 QFI custodian (i.e. in the Sub-Fund's case, being the China Custodian). The repatriation process may be subject to certain requirements set out in the relevant regulations such as submission of certain documents, and completion of the repatriation process may be subject to delay. 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 QFI 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.

9.2.3 Market and Interest Rate Risk: The investments by the Sub-Fund are subject to market risks. Investments in debt securities are also subject to interest-rate risks and default risks by the issuers. Investments with shorter maturities generally carry less price risks than those with longer maturities. A rise in overall interest rates can lead to a decline in bond prices. Conversely, a decline in interest rates can lead to an increase in bond prices. There can be no assurance that the Sub-Fund's investment objective will be realised.

You should also carefully consider the usual risks of investing and participating in unlisted securities. Prices of securities may go up or down in response to changes in the economic conditions, the interest rates, and the market's perception of securities of the relevant country. 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.

9.2.4 Liquidity Risk: The extent of market liquidity would depend 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.

9.2.5 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.

9.2.6 Foreign Exchange Risk: As the investments of the Sub-Fund may be denominated in foreign currencies (other than the base currency of the Sub-Fund i.e. RMB), fluctuations of the exchange rates of foreign currencies against the base currency of the Sub-Fund (i.e. RMB) may affect the value of Units. The Managers reserve the discretion to hedge, whether fully, partially or not at all, the foreign currency exposure of the Sub-Fund depending on the prevailing foreign exchange rates, and if no hedging or partial hedging is made, the value of the Sub-Fund may be affected. If the foreign currency exposure of the Sub-Fund is hedged, a passive hedging policy is usually adopted. As at the date of registration of this Prospectus, the Managers currently hedge the foreign currency exposure of the Sub-Fund.

In addition, as the Sub-Fund is not denominated in Singapore dollars, foreign currency exchange rate movements are likely to affect the returns to investors in Singapore, and investors may be exposed to exchange rate risks.

If any investments of the Sub-Fund are denominated in currencies other than the currency in which the relevant Class of the Sub-Fund is denominated, fluctuations in the exchange rates of the currency of the investment against the currency of denomination of the relevant Class may affect the net asset value of the relevant Class. The Managers reserve the discretion to hedge, whether fully, partially or not at all, the currency exposure of the assets of the Sub-Fund that are attributable to any of the Classes to the relevant currency in which it is denominated. If any such currency exposure is hedged, an active hedging strategy is usually adopted. As at the date of registration of this Prospectus, the Managers currently hedge such currency exposure.

9.2.7 Emerging Markets Risks: The Sub-Fund may invest in emerging markets 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.

9.2.8 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.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

9.2.9 Credit Risks: Investments in debt securities are subject to credit risks, such as risk of default by the issuer, and are subject to adverse changes in general economic conditions, the financial condition of the issuer, or both, or an unanticipated rise in interest rates, which may impair the issuer's ability to make payments of interest and principal, resulting in a possible default by the issuer.

9.2.10 Country Specific Risks: The Sub-Fund may invest in securities of a limited number of countries. Where the Sub-Fund invests in 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 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.

9.2.11 Income Distribution Risk: You should note that income of the Sub-Fund may be distributed to Holders at the absolute discretion of the Managers. Sources of income for distribution include dividend and/or interest income and/or capital gains derived from the investments of the Sub-Fund. Such dividend and/or interest income may be adversely affected by events such as but are not limited to companies suffering unexpected losses, having lower than expected dividends and adverse exchange rate

fluctuations. In addition to distributions to Holders out of distributable income and/or capital gains, the Managers may make capital distributions to Holders at such time as they deem fit in accordance with the provisions of the Deed. Where distributions are paid out of capital, the net asset value of the relevant Class will be reduced and this will be reflected in the Realisation Price of the Units of that Class. Holders redeeming their Units may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Holders.

- 9.2.12 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.
- 9.2.13 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.
- 9.2.14 PRC Taxation Risk:** By investing in the Onshore RMB Income Instruments, the Sub-Fund may be subject to withholding income tax and other taxes.

You should note that new tax laws, regulations and practice (current or future) in the PRC specifically relating to the QFI regime may or may not be promulgated in the future. Given that it is possible that the tax rules may be changed or differently interpreted and that taxes may be applied retrospectively, any provision for taxation made by the Managers in a given point in time may be excessive or inadequate to meet the PRC tax liabilities in connection with investments made by the Sub-Fund in the PRC.

Consequently, Holders may be advantaged or disadvantaged depending on how any gains will in fact be calculated or taxed, how the Managers provide for the tax and when Holders subscribed for and/or redeemed their Units in/from the Sub-Fund. If there is a change in the tax requirement or environment which results in an under-provision by the Managers of actual or potential tax liabilities, the then existing Holders and new investors will be disadvantaged as the Sub-Fund will have to pay the difference between the Sub-Fund's then Withholding Income Tax ("**WHT**") and Value-added Tax ("**VAT**") provision and the taxation liabilities under the new regime. On the contrary, if there is a change in the tax requirement or environment which results in an over-provision by the Managers, the Holders who had already redeemed the Units under the old regime will be disadvantaged as they would have contributed to the over-provision. In this case, the then existing Holders and new investors will benefit as the difference between the Sub-Fund's then WHT and VAT provision and the taxation liabilities will be returned to the Sub-Fund as assets of the Sub-Fund. No investor or Holder, whether at the time the WHT amounts are imposed or returned to the Sub-Fund's assets, shall be entitled to claim any part of the WHT amounts returned to the Sub-Fund's assets.

You should seek your own tax advice on your tax position with regard to your investment in the Sub-Fund.

Please refer to paragraph 21.10 for further information on the provisions for PRC tax that the Sub-Fund currently adopts.

9.2.15 Risks specific to investing into the mainland China onshore market

In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments via Bond Connect are subject to additional risks.

Market volatility and liquidity risk

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to volatility and liquidity risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Settlement, clearing and custody risk

To the extent that the Sub-Fund transacts in the China Interbank Bond Market, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. A counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction.

Operational risk

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

Regulatory risk

Investing in the China Interbank Bond Market via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve their respective investment objectives will be negatively affected.

Mainland tax considerations

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the China Interbank Bond Market by eligible foreign institutional investors via Bond Connect. Hence the Sub-Fund's tax liabilities as a result of trading in the China Interbank Bond Market via Bond Connect are uncertain.

9.2.16 Risks specific to investing in the China Interbank Bond Market

Liquidity risk

The extent of market liquidity is dependent on the size and state of the markets and therefore affects the Sub-Fund's ability to acquire or dispose of assets at the price and time it so desires. The Chinese treasury bonds and Chinese policy bank bonds trade over-the-counter (OTC) on the China Interbank Bond Market (CIBM). Depending on the quotes available on the CIBM, the bonds may be thinly traded and illiquid and may result in redemption prices which adversely affect the NAV of the Sub-Fund.

China Interbank Bond Market (CIBM) risk

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such debt securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Investing in the China Interbank Bond Market via the Foreign Access Regime is also subject to regulatory risks. The relevant rules and regulations on the regime are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Operational and Settlement risk

The Sub-Fund may be exposed to risks associated with settlement procedures and default of counterparties under the China Interbank Bond Market. Many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on the China Interbank Bond Market which is an over-the-counter market. All trades settled through the China Central Depository & Clearing Co., Ltd are on delivery versus payment basis i.e. the Sub-Fund will only pay the counterparty upon receipt of the securities. If a counterparty defaults in delivering the securities, the trade may be cancelled and the Sub-Fund may need to find another counterparty to complete the transaction, which may be at a less favourable price and thus adversely affecting the value of the Sub-Fund. Any transaction via exchange markets may also be subject to settlement delays.

9.2.17 Financial Derivative Risk

- (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, credit default 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 optimising returns and/or hedging and/or efficient portfolio management and/or for such other purposes as may be permitted by the Authority. Where the Sub-Fund invests in financial derivatives on commodities, such transactions shall be settled in cash at all times.

The Managers may make use of FDIs as allowed in 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”).

- (ii) Where FDIs are used, the global exposure of the Sub-Fund to FDIs or embedded FDIs should not exceed 100% 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.
- (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.
- (iv) All open positions/exposure in FDIs may 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.
- (v) 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.
- (vi) The Managers also have an established procedure to report breaches of the investment guidelines, if any.
- (vii) The Managers will ensure that the risk management and compliance procedures adopted in paragraphs 9.2.17(iii) to 9.2.17(vi) 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.
- (viii) 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 if this happens, there may be an immediate loss to the Sub-Fund.

It is possible that the Sub-Fund's NAV may be subject to volatility due to the Sub-Fund's or the underlying funds' usage or investment in FDIs.

The above is not 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 use of Supplementary Retirement Scheme (“SRS”) monies

Subject to the applicable terms and conditions imposed by the relevant SRS operator and any 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 available for the SGD Class Units, once this Class is incepted in the future.

10.1.3 Subscriptions 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:

- (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 your 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. The Managers will provide you with hard copies of this Prospectus, the Deed and any supplemental deed for the time being in force upon your request. However, the Managers may levy a charge for providing you with a copy of the Deed and any such supplemental deed.

For the purposes of this paragraph 10.1.3, “**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.

10.1.4 Institutional investors

In respect of institutional investors, an application form may also be obtained directly from the Managers and, once duly completed, forwarded to the Managers, together with the subscription monies in respect of the application for Units.

10.2 Minimum initial investment and minimum subsequent investment

	Minimum initial investment*	Minimum subsequent investment*
RMB Class Units	RMB 5,000	RMB 500
SGD Class Units	S\$1,000	S\$100
USD Class Units	US\$1,000	US\$100

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

10.3 Initial offer period and initial issue price

The initial offer period for each of the SGD Class and the USD Class will be for such period or at such time as the Managers may decide from time to time upon prior notification to the

Trustee and as at the date of registration of this Prospectus, each such initial offer period is expected to take place within the next 6 to 12 months. During the relevant initial offer period, the SGD Class Units will be offered at the initial issue price of S\$1.000 per Unit, and the USD Class Units will be offered at the initial issue price of US\$1.000 per Unit.

10.4 Minimum size and other conditions

The Managers reserve the right not to proceed with the launch of the SGD Class and/or the USD Class if:

- (i) the capital raised for the relevant Class as at the close of its initial offer period is less than SGD 20 million or its equivalent; or
- (ii) the Managers are of the view that it is not in the interest of the investors or it is not commercially viable to proceed with the relevant Class(es).

In such event, the Managers may at their discretion declare the relevant Class(es) to be deemed not to have commenced, and shall notify the relevant investors of the same and return the subscription monies received (without interest) to the relevant investors no later than 30 Business Days after the close of the initial offer period for the relevant Class(es).

10.5 Pricing and Dealing Deadline

The issue price per Unit ("**Issue Price**") of each Class (following the close of its initial offer period), is calculated based on forward pricing and is determined based on the Value¹⁰ as at the Valuation Point¹¹ on the relevant Dealing Day¹² on which an application for Units is received, of the proportion of the Deposited Property of the relevant Class represented by 1 Unit of such Class 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, 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. 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 any 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

¹⁰ **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 21.4.

¹¹ **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.

¹² **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.

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.

10.6 How the number of Units is allotted

The number of Units you will be issued is determined by dividing the gross investment sum paid by you (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
<p>* This sum is used for the purposes of illustration only, and the actual investment sum for a Class may be of a different amount.</p> <p>** The actual Issue Price of a Class will fluctuate according to the net asset value of the relevant Class and may be affected by Swing Pricing as described in paragraph 21.11.</p> <p>*** The Initial Sales Charge currently payable is up to 5.00%.</p> <p>N.B.: All numerical figures used for the purpose of this illustration are hypothetical.</p>							

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.

10.7 Confirmation of purchase

If your application is successful, a trade confirmation will normally be sent to you within 7 Business Days of the Managers’ receipt of your application.

10.8 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 your application is rejected by the Managers, the subscription monies will be refunded (without interest) to you 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.

10.9 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 may cancel your subscription for Units by giving written notice to the Managers through the approved distributor(s) from whom you purchased your 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). 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 relevant Class 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.

10.10 Regular Savings Plan

The approved distributors of the Managers may make available a Regular Savings Plan (“RSP”) for the SGD Class Units (after the SGD Class is inception).

You may apply for the SGD Class Units through a RSP upon satisfying the minimum initial investment amount applicable to the SGD Class Units.

The current minimum monthly contribution for the RSP is S\$100. The monthly contribution for the RSP will be deducted from your bank account or SRS account (as the case may be) on the 8th 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 you. After 2 consecutive unsuccessful deductions, the RSP will be terminated and no notification of such termination will be sent to you.

You may terminate your participation in the RSP without penalty upon giving not less than 30 days' notice in writing to the approved distributor from whom you purchased your Units. The Managers reserve the right to terminate the RSP at any time in 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.

For the avoidance of doubt, you should note that participation in a RSP is currently not available in respect of the USD Class Units and the RMB Class Units.

11. REALISATION OF UNITS

11.1 How to sell Units

Holders may realise their 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 they purchased their Units. Institutional investors who had purchased their Units directly from the Managers may realise their Units by submitting a realisation request in such form and together with such other documents as may be required to the Managers.

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.

Holders 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.

11.2 Minimum Holding and Minimum Realisation

A Holder may not realise only part of his holding of Units without the approval of the Managers and the Trustee if such realisation is less than the Minimum Realisation of 500 Units of the relevant Class or if due to such realisation, his holding of Units in the relevant Class would be reduced to less than the Minimum Holding of 500 Units of the relevant Class.

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 a Class of the Sub-Fund is calculated based on forward pricing and is determined based on the Value of the Deposited Property of the Class as at the Valuation Point on the relevant Dealing Day on which the realisation request is received, divided by the number of Units of the Class 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, 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. 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 a realisation request is received and accepted by the Managers through their approved distributor(s) by the Dealing Deadline on any 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 a Holder 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 and may be affected by Swing Pricing as described in paragraph 21.11.</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 a Holder is resident outside Singapore, the Managers may 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 the Holder had been resident in Singapore.

11.5 Payment of realisation proceeds

- 11.5.1** The realisation proceeds will be paid to Holders 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 him under the provisions of the Deed in respect of such 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.
- 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 such 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 the Holder's SRS account has been closed, the monies will be paid to him 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

- 12.1** The Managers may, at their discretion and on such terms and conditions as they may impose (including the levying of fees or charges), on the application of a Holder, effect the exchange of Units for units of any other Group Trust¹³ (referred to as “**units**”) and on notification by the managers of a Group Trust of an application by the holder of units in that Group Trust, exchange such units for Units.
- 12.2** The following provisions will apply to such an exchange:
- 12.2.1** the exchange of Units for units is exercised by a Holder giving to the Managers through the approved distributor(s) from whom he purchased the Units a notice in such form as the approved distributor may from time to time require and accompanied by a duly completed and executed application form for the subscription of units in the relevant Group Trust. Institutional investors who had purchased their Units directly from the Managers may exchange their Units by submitting a notice in such form as the Managers may from time to time require and accompanied by a duly completed and executed application form for the subscription of units in the relevant Group Trust;
 - 12.2.2** the exchange of Units for units specified in the relevant notice (the “**Exchange Notice**”) will be made on the Common Exchange Dealing Day on which the Exchange Notice is received by the Managers through their approved distributor(s) up to 5.00 p.m. Singapore time on such Common Exchange Dealing Day. If an Exchange Notice is received after 5.00 p.m. Singapore time on a Common Exchange Dealing Day or on a day that is not a Common Exchange Dealing Day, the Exchange Notice will be treated as having been received before 5.00 p.m. Singapore time on the next Common Exchange Dealing Day. For this purpose, “**Common Exchange Dealing Day**” is a day which is both a Dealing Day in relation to Units and a dealing day (as defined in the relevant trust deed) in relation to units of the Group Trust;
 - 12.2.3** no Units will be exchanged during any period when the right of Holders to require the realisation of Units is suspended pursuant to the Deed or when the issue of units in the Group Trust is suspended pursuant to the suspension provisions set out in the trust deed of the relevant Group Trust or on any Common Exchange Dealing Day on which the number of Units that can be realised by any Holder is limited pursuant to the Deed;
 - 12.2.4** a Holder is not entitled, without the consent of the Managers, to withdraw an Exchange Notice;
 - 12.2.5** any exchange of Units for units will be effected subject to any requirements or restrictions applicable to the realisation of Units and the issue of units, including without limitation, any Minimum Holding requirement, any minimum initial investment sum or minimum subsequent investment sum requirement;

¹³ “**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 paragraph 12. The list of Group Trusts may vary from time to time and is available from the Managers upon request.

- 12.2.6** each Unit to be exchanged shall be valued at not less than the Realisation Price per Unit and each Unit to be issued shall be valued at not more than the Issue Price per Unit;
 - 12.2.7** an exchange of Units for units will be effected by the Holder realising his Units. The net proceeds of this realisation will then be utilised (subject to the discretion of the manager of the Group Trust to reject any applications for units) to subscribe for units of the relevant Group Trust at the prevailing issue price of the units of the relevant Group Trust;
 - 12.2.8** an exchange of units for Units will be effected by the managers of that Group Trust realising the units of that Group Trust and paying the net proceeds of the realised units to the Managers. The Managers will then issue Units at the prevailing Issue Price;
 - 12.2.9** the Managers are entitled to impose an Exchange Fee, as described under paragraph 8.1 of this Prospectus;
 - 12.2.10** the Trustee shall have no responsibility or liability to ensure that the provisions of the trust deed constituting the Group Trust relating to issue, realisation or exchange of units are complied with;
 - 12.2.11** the Managers may, at their discretion, reject any Exchange Notice; and
 - 12.2.12** no exchange is permitted between Units and units that are denominated in different currencies.
- 12.3** For the avoidance of doubt, any fee or charge (including any portion thereof) which the Managers are entitled to charge or retain pursuant to this paragraph 12 may generally or in any particular case be waived by the Managers at their sole discretion.

13. CONVERSION OF UNITS

- 13.1** Subject to such restrictions as may be stipulated in this Prospectus or the Deed, a Holder of Units of the Sub-Fund (the “**Original Sub-Fund**”) shall have the right from time to time to convert all or any of the Units of the Original Sub-Fund held by him into units of another sub-fund of the Fund, if established (the “**New Sub-Fund**”) subject to the following:
- (a) the right of conversion is exercisable by such Holder giving to the Managers through the approved distributor(s) from whom he purchased the Units a notice in such form as the Managers may from time to time require. Institutional investors who had purchased their Units of the Original Sub-Fund directly from the Managers may exercise their right of conversion by giving to the Managers a notice in such form as the Managers may from time to time require;
 - (b) no conversion of Units may be made which would result in such Holder holding less than the Minimum Holding of the Original Sub-Fund or acquiring fewer units than the Minimum Initial Investment of the New Sub-Fund;
 - (c) the conversion of Units of the Original Sub-Fund shall be made on the Common Dealing Date on which the relevant notice (the “**Conversion Notice**”) is received by

the Managers through their approved distributor(s) or (if not received on a Common Dealing Date) on the next following Common Dealing Date. For this purpose, a “**Common Dealing Date**” is a day which is both a Dealing Day in relation to Units of the Original Sub-Fund and a Dealing Day in relation to units of the New Sub-Fund;

- (d) no Units shall be converted during any period when the right of Holders to require the realisation of Units is suspended pursuant to the Deed or on any Common Dealing Date on which the number of Units of the Original Sub-Fund that can be realised by any Holder is limited pursuant to the Deed;
- (e) a Holder shall not without the consent of the Managers be entitled to withdraw a Conversion Notice duly made in accordance with this paragraph;
- (f) the Managers are entitled to impose a Conversion Fee, as described under paragraph 8.1 of this Prospectus; and
- (g) no conversion is permitted between Units and units that are denominated in different currencies.

14. OBTAINING PRICES OF UNITS

The Issue Price and Realisation Price of the 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 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 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 Entity¹⁴ 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 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** 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

¹⁴ "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.

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.

- 15.3** 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, 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. 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 RMB Class as at 30 December 2022 is shown in the table below:

	Return 1 year (% change)	Return over 3 years (A.C.R.)	Return over 5 years (A.C.R.)	Return over 10 years (A.C.R.)	Return Since Inception (A.C.R.)
RMB Class	-7.53%	-1.96%	0.88%	N.A.	1.68%

Calculated on a NAV-NAV basis, RMB, 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: 10 September 2014

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

You should note that the past performance of the Sub-Fund and its Class is not necessarily indicative of their future performance.

As at 30 December 2022, the SGD Class and the USD Class have each not been incepted yet. Accordingly, a track record of at least one year is not available for any of these Classes as at 30 December 2022.

The performance of the Sub-Fund is not measured against any benchmark as there is no benchmark against which the performance of the Sub-Fund can be suitably managed.

The Sub-Fund's or a Class's performance will be calculated based on the NAV of the Sub-Fund or the Class after Swing Pricing adjustment (if any) has been applied and therefore the returns of the Sub-Fund or the Class may be influenced by the level of subscription and/or realisation activity. Please refer to paragraph 21.11 of this Prospectus for further details.

16.2 Expense ratio

The expense ratio of the RMB Class (calculated in accordance with the guidelines issued by the Investment Management Association of Singapore on the disclosure of expense ratios and based on figures in the Sub-Fund's latest audited accounts) for the financial year ended 31 December 2021 is 1.32%.

The following expenses are excluded from the calculation of the expense ratio:

- (a) interest expense;
- (b) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (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 unit trust or mutual fund;
- (e) tax deducted at source or arising on income received including withholding tax; and
- (f) dividends and other distributions paid to Holders.

As the SGD Class and the USD Class have each not been incepted yet, the expense ratios of these Classes for the financial year ended 31 December 2021 are not available as at the date of registration of this Prospectus.

16.3 Turnover ratio

The turnover ratio of the Sub-Fund (calculated based on the lesser of purchases or sales of underlying investments of the Sub-Fund expressed as a percentage of daily average net asset value of the Sub-Fund) for the financial year ended 31 December 2021, is 183.25%.

17. SOFT DOLLAR COMMISSIONS/ ARRANGEMENTS

17.1 In their management of the Sub-Fund, the Managers currently do not receive or enter into any soft dollar commissions or arrangements.

18. CONFLICTS OF INTEREST

18.1 The Managers are part of a financial group, and the Managers and their affiliates provide the full suite of financial services to clients, and act simultaneously for a number and range of clients with various interests, requirements and positions.

18.2 Other than the 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 Global Green Bond Fund
- (f) Nikko AM Shenton Emerging Enterprise Discovery Fund
- (g) Nikko AM Shenton Global Opportunities Fund
- (h) Nikko AM Shenton Horizon Investment Funds
- (i) Nikko AM Asia Umbrella Funds (formerly known as the “Nikko AM Shenton Eight Portfolios”)
- (j) Nikko AM Asia Investment Funds
- (k) Nikko AM Shenton Short Term Bond Funds
- (l) ABF Singapore Bond Index Fund
- (m) Nikko AM Singapore STI ETF
- (n) Nikko AM Japan Dividend Equity Fund
- (o) Nikko AM Asia High Yield Bond Fund
- (p) MSIG Asian Bond Fund
- (q) Nikko AM Global Multi Asset Conservative Fund
- (r) Nikko AM Asia Healthcare Fund
- (s) Nikko AM All China Equity Fund
- (t) Nikko AM ASEAN Equity Fund
- (u) NikkoAM-StraitsTrading Asia ex Japan REIT ETF
- (v) Nikko AM Asia Limited Investment Fund Series

- (w) Nikko AM SGD Investment Grade Corporate Bond ETF
- (x) NikkoAM-ICBCSG China Bond ETF
- (y) Nikko AM Dynamic Bond Fund
- (z) Nikko AM Asia Fund Series
- (aa) Nikko AM Asia Limited VCC

- 18.3** The Managers may from time to time have to deal with competing or conflicting interests arising from such other funds managed by the Managers. For example, the Managers may make a purchase or sale decision on behalf of some or all of the other funds managed by the Managers 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 other funds managed by the Managers 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 other funds managed by the Managers and the Sub-Fund. The Managers may also transact on the Sub-Fund's behalf with its affiliates. The Managers intend 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.
- 18.4** 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 relevant funds. The Managers will conduct all transactions with or for the Sub-Fund at arm's length. Subject to the investment guidelines of the Sub-Fund, the Sub-Fund may also invest in other funds managed by the Managers and/or its affiliates. In respect of voting rights where the Managers may face a conflict between their own interest and that of the Holders, the Managers shall cause such voting rights to be exercised in consultation with the Trustee.
- 18.5** The Trustee is presently also offering registrar services to the Sub-Fund while the Singapore Custodian (which is 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.
- 18.6** The Managers and the Trustee will conduct all transactions with or for the Sub-Fund on an arm's length basis.
- 18.7** The Managers or their affiliates (together the "Parties") are or may be involved in other financial, investment and professional activities (including but not limited to providing discretionary investment management or investment advisory services to other clients) which may on occasion cause conflicts of interest with the management of the Sub-Fund. Notwithstanding paragraph 18.4 above, the Parties will be free, in their absolute discretion, to

make recommendations to others, or effect transactions on behalf of themselves or for others which may be the same as or different from those effected for the Sub-Fund, and to do so prior to, at the same time as, or after effecting such transactions. The Parties shall not be obliged to purchase, retain or sell for the Sub-Fund any security which the Parties may purchase, retain or sell on behalf of themselves or for others, or which the Parties may recommend to others to purchase, retain or sell. Furthermore, the Parties shall be free to purchase, sell, deal in or compete for the same financial instruments as the Sub-Fund or to take positions opposite to the positions of the Sub-Fund, on behalf of themselves or for others, or to recommend others to take positions opposite to the position 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. If a conflict of interest does arise, the Parties will endeavour to ensure that it is resolved fairly and in the interest of the Holders.

18.8 Associates of the Trustee (the “**Trustee’s Associates**”) 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 the Trustee’s Associates 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 endeavour to resolve such conflict quickly and in the interest of the Holders in an equitable manner.

18.9 The Managers or the Trustee may acquire, own, hold, dispose or otherwise deal with Units as though they were not a party to the Deed. If any conflict of interest arises 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.

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-Fund for the relevant financial year (collectively, the “**Reports**”) from the Managers’ website at 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. 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 You 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 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 have 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 The Sub-Fund currently does not intend to carry out securities lending or repurchase transactions but may in the future do so, in accordance with the applicable provisions of the Code and the Deed.

21.4 Valuation

21.4.1 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.

21.4.2 The Managers shall not, subject to the provisions of the Code, 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.

21.4.3 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 21.5 of the Deed remaining unpaid and the amount of any Management Fee (which shall be deducted in accordance with paragraph 21.4.4 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.

21.4.4 In respect of paragraph 21.4.3 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 21.4.1 and 21.4.3 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.

21.5 Valuation policy and performance measurement standards of the Managers

Valuations shall be done on every Dealing Day. 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 of this Prospectus 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 generate performance results to meet reporting requirements. Time-weighted rate of return (TWRR) methodology is adopted for portfolio returns calculation.

21.6 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.

21.7 Compulsory realisation of Units

21.7.1 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.

- 21.7.2** 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.
- 21.7.3 Any compulsory realisation under paragraphs 21.7.1 or 21.7.2 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.
- 21.7.4 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 21.7.1, 21.7.2 or 21.7.3.

21.8 Liquidity risk management

The Managers have established liquidity risk management policies which enable the Managers to identify, monitor, and manage the liquidity risk of the Sub-Fund. Such policies, combined with the liquidity management tools available, seek to achieve fair treatment of Holders, and safeguard the interests of remaining Holders against the redemption behaviour of other investors and mitigate against systemic risk.

The Managers' liquidity risk management policies take into account the Sub-Fund's liquidity terms, asset class, liquidity tools and regulatory requirements.

The liquidity risk management tools available to manage liquidity risk include the following:

- (a) subject to the provisions of the Deed, the Trustee shall at any time as the Managers may from time to time request, make and vary arrangements for the borrowing for the account of the Sub-Fund provided that the investment guidelines and limits on borrowings in the Authorised Funds Investment Guidelines (as defined in the Deed) or the CPF Investment Guidelines (as defined in the Deed) (whichever is applicable) are complied with;
- (b) subject to the provisions of the Code, the Managers may, with the approval of the Trustee, suspend the realisation of Units of the Sub-Fund or a Class in accordance with paragraph 15 of this Prospectus. During any such suspension period for the Sub-Fund or the relevant Class, Holders of the Sub-Fund or Class may not be able to realise their Units or 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 of the suspension may, if the

Managers and the Trustee so agree, be deferred until immediately after the end of such suspension; and

- (c) 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 on any Dealing Day to 10% of the total number of Units of the Sub-Fund or the relevant Class then in issue, such limitation to be applied proportionately 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. In such circumstances, the realisation of your Units may be delayed or the amount of the realisation proceeds that Holders will receive for their Units (upon application of Swing Pricing as described in paragraph 21.11 of this Prospectus) may be affected.

21.9 Use of ratings issued by credit rating agencies

In their management of the Sub-Fund, the Managers may rely on ratings issued by credit rating agencies. The Managers have established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that the investments of the Sub-Fund are in line with these standards. Information on the Managers' credit assessment process will be made available to you upon request.

21.10 PRC taxation provisions

Corporate Income Tax

Under the current PRC corporate income tax ("**CIT**") law, if the Sub-Fund is considered as a PRC tax resident, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Sub-Fund is considered as a non-PRC resident but has an establishment or place of business ("**PE**") in the PRC, the profits attributable to that PE would be subject to PRC CIT at 25%. If the Sub-Fund is a non-PRC resident and has no PE in the PRC, the income derived by the Sub-Fund from its investment in Onshore RMB Income Instruments would generally be subject to 10% PRC WHT on its PRC sourced passive income, including but not limited to interest, unless it is exempted or reduced under specific PRC tax circulars or a relevant double tax treaty.

The Managers intend to manage and operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise of the PRC or a non-PRC tax resident enterprise with a PE in the PRC for CIT purposes, although due to uncertainty in tax laws and practices in the PRC, this result cannot be guaranteed.

(a) Interest Income

Unless a specific exemption is applicable, non-PRC tax resident enterprises are subject to PRC WHT on the interest paid on debt instruments issued by PRC resident enterprises. The general applicable WHT rate is 10%, subject to reduction under an applicable double tax treaty and record filing with the PRC tax authorities. Previously, coupon interest distributed by PRC Stock Exchanges (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) bonds was subject to withholding and foreign institutional investors generally received amount net of 10%

WHT, while coupon interest distributed by CIBM bonds was not subject to withholding and investors generally received full amount.

Interests on government bonds issued by the PRC Ministry of Finance (“**MOF**”) and local government bonds approved by the State Council are exempt from PRC CIT under the PRC CIT Law.

The PRC Ministry of Finance and State Taxation Administration (“**STA**”) jointly issued Circular Cai Shui [2018] No.108 (“**Circular 108**”) on 7 November 2018 providing that bond interest derived by foreign institutional investors from investment in bonds in the PRC bond market is exempted from PRC WHT for the period from 7 November 2018 to 6 November 2021. However, Circular 108 is silent on whether the WHT on interest received by foreign institutional investors from non-government bonds before 7 November 2018 will be collected. On 22 November 2021, the MOF and the STA further issued Circular Cai Shui [2021] No. 34 (“Circular 34”) to extend the period for the WHT exemption provided by Circular 108 to 31 December 2025.

In light of the above, the Managers intend not to make provision for any PRC WHT on interest received from PRC policy bank bonds and corporate bonds traded at the PRC Stock Exchanges. For policy bank bonds and corporate bonds traded at CIBM, the Managers made provision for PRC WHT on interest received by 6 November 2018 and have stopped making such provision on interest received from 7 November 2018 to 31 December 2025. If the exemption provided by Circular 34 is not extended after 31 December 2025, the Managers will revisit the PRC WHT provision position in due course.

(b) Capital Gains

The current PRC CIT regulation defining the sourcing rule for gains derived by non-resident enterprises from the transfer of property does not specifically define the sourcing rule for gains from the transfer of bonds. Among the sourcing rules for the gains from the transfer of various properties, the sourcing rule for gains from the transfer of movable property should be the most appropriate one to apply, i.e. gains derived from transfer of movable property are not PRC-sourced if the transferor is located outside of PRC

The Sub-Fund is constituted in Singapore and the effective management and control of the Sub-Fund are not in the PRC hence the Sub-Fund is not PRC tax resident. The Sub-Fund does not have a place of business or establishment or permanent establishment (collectively referred as “PE”) in the PRC or even if they have maintained PE in the PRC, the gains derived from the trading of PRC onshore bonds through the QFI license are not effectively connected to the PE.

Based on the above, gains derived by the Sub-Fund from the transfer of PRC onshore bonds through QFI license is more likely than not treated as non-PRC sourced income, and therefore not subject to PRC WHT.

The above non-PRC sourced position has been verbally confirmed by the STA (the highest level of PRC tax authority) to industry bodies and has been well tested by many cases of QFIIs/RQFIIs repatriating bond gains out of the PRC. So far, we are not aware of any one case that PRC tax authorities imposed 10% PRC WHT on capital gain derived by QFI or any offshore institutional investor investing through QFI from bond trading.

The double tax treaty between Singapore and the PRC ("**PRC-Singapore Tax Treaty**") provides for exemption of PRC WHT on capital gains derived by Singapore tax residents from the transfer of Onshore RMB Income Instruments. The Sub-Fund may receive a Certificate of Residence ("**COR**") issued by the Inland Revenue Authority of Singapore in the name of the Trustee. The PRC tax authority may not accept the Sub-Fund to claim treaty relief (WHT exemption) for capital gains based on such COR because the Trustee is not the beneficiary of investment income derived by the Sub-Fund. There remains a risk, therefore, that the PRC tax authorities could consider the Sub-Fund to be not eligible to enjoy exemption of PRC WHT on gains from the sale of Onshore RMB Income Instruments under the PRC-Singapore Tax Treaty and seek to tax capital gains accordingly, if such gains are considered as PRC-sourced income.

In light of the above, the Managers intend to stop making provisions for PRC WHT on realised and unrealised capital gains from the trading of Onshore RMB Income Instruments and any existing provisions will be reversed. This is consistent with the most common approach adopted in the industry.

VAT

(a) Interest Income

According to Circular Cai Shui [2016] No.36 ("**Circular 36**") which took effect from 1 May 2016, deposit interest income is not subject to VAT, interest on government bonds and local government bonds is exempted from VAT, and interest derived by foreign institutional investors on non-government bonds shall be generally subject to 6% VAT on a cash basis (i.e. interest received or due to be received on payment due date). According to Circular 108 and Circular 34, interest derived by foreign institutional investors from investment in bonds in PRC bond market is exempted from PRC VAT from 7 November 2018 to 31 December 2025. However, Circular 108 is silent on whether the VAT on interest received by foreign institutional investors from non-government bonds from 1 May 2016 (when the PRC VAT pilot rule takes effect) to 6 November 2018 will be collected.

In light of the above, the Managers intend to make provisions for any PRC VAT on coupon interest received from Onshore RMB Income Instruments for the period from 1 May 2016 to 6 November 2018.

(b) Capital Gains

According to Circular 36, gains derived by foreign institutional investors from trading of marketable securities are generally subject to PRC VAT at 6% on net gains (i.e. gains offset against losses within one calendar year). However, Circular 36, and Circular Cai Shui [2016] No.70 specifically provide that gains derived by QFIIs/RQFIIs from the trading of marketable securities in the PRC are exempted from VAT.

In light of the above, the Managers intend not to make provisions for any PRC VAT on capital gains derived from the trading of Onshore RMB Income Instruments. Should the PRC tax authorities decide to levy VAT on such gains in the future, the Sub-Fund may in future need to make provision to reflect taxes payable.

*Stamp Duty ("**SD**")*

Stamp Duty under the PRC laws generally applies to the conclusion and receipt of all dutiable documents listed in the PRC Provisional Rules on Stamp Duty. However, a bond does not fall within the scope of dutiable documents. No SD is expected to be imposed on non-PRC tax resident holders of Onshore RMB Income Instruments, either upon issuance or upon a subsequent transfer of such Onshore RMB Income Instruments.

21.11 Swing Pricing

The Sub-Fund is single priced and the NAV of the Sub-Fund may fall as a result of, amongst others, the transaction costs (such as broker commissions, custody transaction costs, stamp duties or sales taxes) incurred in the purchase and/or sale of its Authorised Investments caused by subscriptions, realisations, switches and/or exchanges of Units in the Sub-Fund and the spread between the buying and selling prices of such Authorised Investments. This effect is known as “dilution”.

With effect from 22 April 2021, to protect the interest of Holders, the Managers shall, in consultation with the Trustee, have the discretion to apply a technique known as “dilution adjustment” or “swing pricing” (“**Swing Pricing**”) in certain circumstances which the Managers deem appropriate. Swing Pricing involves making upwards or downwards adjustments in the calculation of the NAV per Unit of the Sub-Fund or Class on a particular Dealing Day so that such transaction costs and dealing spreads in respect of the Authorised Investments are, as far as practicable, passed on to the investors who are subscribing, realising, switching and/or exchanging Units on that Dealing Day.

Typically, the NAV is adjusted if the net subscription or realisation (including switches and/or exchanges) on a particular Dealing Day reaches or exceeds a certain percentage (the “**Swing Threshold**”) of the size of the Sub-Fund as of such relevant Dealing Day. The NAV will swing upwards for a net subscription and downwards for a net realisation. In relation to the application of Swing Pricing to Classes of Units in the Sub-Fund, the NAV of each Class will be calculated separately but any adjustment will, in percentage terms, affect the NAV of each Class in an equal manner.

The need to apply Swing Pricing will depend upon various factors, including but not limited to (i) the amount of subscriptions and/or realisations (including switches and/or exchanges) of Units on that Dealing Day, (ii) the impact of any transaction costs incurred in the purchase and/or sale of Authorised Investments of the Sub-Fund, (iii) the spread between the buying and selling prices of Authorised Investments of the Sub-Fund and (iv) market conditions such as situations of financial turmoil provided that, any adjustments made by the Managers shall be on a fair and equitable basis and with a view to protecting the interests of Holders.

Please note that applying Swing Pricing when the Swing Threshold is reached or exceeded, only reduces the effect of dilution and does not eliminate it entirely. Where the net subscription or realisation is below the Swing Threshold, no Swing Pricing will be applied and dilution will not be reduced.

The swing pricing policy for the Sub-Fund will be subject to regular review and may change from time to time. Accordingly, you should note that our decision to apply Swing Pricing and the level of adjustment made to the NAV per unit of the Sub-Fund in particular circumstances may not result in the same decision in similar circumstances arising in the future.

Holders and potential investors into the Sub-Fund should also take note of the following:

- (a) the Sub-Fund's performance will be calculated based on the NAV of the Sub-Fund after the Swing Pricing adjustment has been applied and therefore the returns of the Sub-Fund may be influenced by the level of subscription and/or realisation activity;
- (b) Swing Pricing could increase the variability of the returns of the Sub-Fund since the returns are calculated based on the adjusted NAV per Unit; and
- (c) the fees and charges applicable to the Sub-Fund (including fees based on the NAV of the Sub-Fund) will be based on the NAV before the Swing Pricing adjustment is applied.

In the usual course of business, to minimise the impact to the variability of the return of the Sub-Fund, the application of Swing Pricing will be triggered mechanically and on a consistent basis and applied only when the net transaction reaches or exceeds the Swing Threshold.

The Swing Threshold will be set with the objective of protecting the Holders' interest while minimising impact to the variability of the Sub-Fund's return by ensuring that the NAV per Unit is not adjusted where the dilution impact on the Sub-Fund is, in the opinion of the Managers, not significant, and may be varied by the Managers in their discretion.

The amount of adjustment at any future point in time may vary depending on inter alia market conditions, but will under normal circumstances not exceed 5% of the NAV per Unit of the Sub-Fund or Class on the relevant Dealing Day (the "**Maximum Adjustment**"). The Managers reserve the right to apply an adjustment of an amount not exceeding the Maximum Adjustment on the relevant Dealing Day where they deem appropriate and have the discretion to vary the amount of adjustment up to the Maximum Adjustment, in consultation with the Trustee, from time to time without giving notice to the relevant Holders.

Subject to the Deed and the applicable laws and regulations, the Managers may, in exceptional circumstances (including but not limited to volatile market conditions, market turmoil and illiquidity in the market, extraordinary market circumstances or significant unexpected changes in general market conditions) and in consultation with the Trustee temporarily apply an adjustment beyond the Maximum Adjustment on the relevant Dealing Day if, in their opinion, it is in the best interest of investors to do so. In such cases, if so required by the Authority and/or the Trustee, the Managers shall give notice to the relevant investors as soon as practicable in such manner as the Managers and Trustee may agree.

NIKKO ASSET MANAGEMENT ASIA LIMITED
BOARD OF DIRECTORS

Signed:

Signed:

Seet Oon Hui Eleanor
Director

Kiyotaka Ryu
Director
(signed by Seet Oon Hui Eleanor for
and on behalf of Kiyotaka Ryu)

Signed:

Hiroki Tsujimura
Director
(Signed by Seet Oon Hui Eleanor for and on
behalf of Hiroki Tsujimura)

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