SUB-FUND INFORMATION CARD

GAVEKAL CHINA ONSHORE RMB BOND FUND

This Sub-Fund Information Card dated 04 June 2020 is a supplement to, forms part of, and should be read in conjunction with the Prospectus dated 23 July, 2019 for the Fund together with the first addendum thereto dated 5 November 2019, the Second Addendum thereto dated 24 January 2020 and the Third Addendum thereto dated 9 April 2020 (the "Prospectus") and which is available from the Administrator at 3rd Floor, IFSC House, IFSC, Dublin 1, Ireland.

This Sub-Fund Information Card contains specific information in relation to this sub-fund of GaveKal UCITS Fund (the "Fund"), an open-ended umbrella unit trust with segregated liability between Sub-Funds. The Fund is established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended). There are currently four other sub-funds in the Fund, namely GaveKal Asian Value Fund, GaveKal China Fixed Income Fund, GaveKal Asian Opportunities UCITS Fund and GaveKal Global Asset Allocation UCITS Fund.

The Directors of the Manager of the Fund, whose names appear in the Prospectus under the heading "Management of the Fund", accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

AN INVESTMENT IN THE SUB-FUND SHOULD NOT CONSTITUTE A SUBSTANTIAL PROPORTION OF AN INVESTMENT PORTFOLIO AND MAY NOT BE APPROPRIATE FOR ALL INVESTORS

1. Investment Objective and Policies

The Sub-Fund's investment objective (the "**Investment Objective**") is to maximise total return through the acquisition and sale of Chinese onshore renminbi-denominated ("**RMB**") bonds.

There can be no assurance that the Sub-Fund will achieve its investment objective.

In pursuit of its investment objective the Sub-Fund will mostly invest in investment grade and renminbi-denominated fixed income securities including Chinese Government Bonds ("**CGBs**"), being bonds issued by the Central Government of China, Policy Financial Bonds ("**PFBs**") (described below) and certain Panda Bonds (described below). Other investments of the Sub-Fund are set out below.

PFBs, also known as policy bank bonds, are issued by policy lenders (as described below) or institutional banks set up by State Council of China; including China Development Bank ("**CDB**"), Agriculture Development Bank ("**ADBC**") and Export-Import Bank ("**EXIM Bank**"). CDB is the largest issuer, accounting for 50% of outstanding PFBs. Policy lenders are development financial institutions being wholly owned by the government of the People's Republic of China (the "**PRC**"), and which report directly to the state council of the PRC (the "State Council") and whose lending policies are based on direction from State Council. The State Council directs such policy lenders to provide financing in accordance with national government strategies, with no profit maximisation targets. PFBs are entitled to explicit funding support through the People's Bank of China's ("**PBOC**") relending scheme, giving them the same credit quality as CGBs for global investors.

Panda Bonds are onshore RMB-denominated bonds issued by non-Chinese issuers in the Chinese onshore RMB bond market. Foreign central banks, financial organisations and sovereign wealth funds can issue Panda Bonds in the China interbank bond market ("**CIBM**"). The Sub-Fund will only invest in fixed income securities, including Panda Bonds, listed in the CIBM and whose issuers have investment-grade ratings from recognised credit rating agencies such as Standard & Poors, Moody's or Fitch Group. Current issuers of Panda Bonds include, the Province of British Columbia, Republic of Philippines, Republic of Portugal, and Hungary, and this list of issuers is expected to increase as the market for Panda Bonds develops.

The fixed income securities invested in by the Sub-Fund may be fixed or floating. The fixed income securities will be rated investment grade by Standard & Poors, Moody's, or Fitch Group. Investments will be listed or traded on the China Interbank Bond Market and will be made in investment grade securities with the following guidelines:

- Government bond holdings may be as high as 100% of fund NAV or as low as 0% of fund NAV.
- Exposure to any single individual investment grade corporate bond issuer will not surpass 10% of NAV.
- The Sub-Fund is not restricted as to the amount of cash or other ancillary liquid assets it may hold and may hold up to 100% of the Sub-Fund on a temporary basis in cash or other ancillary liquid assets at the discretion of the Investment Adviser, should extreme market conditions require. The ancillary liquid assets that may be held or maintained by the Sub-Fund include, but are not limited to, time deposits, money market instruments and fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognised credit rating agency and issued or backed by one or more EU Member States, the United States or other institutions permitted in Appendix II to the Prospectus.

The Sub-Fund's individual security selection process combines both a detailed and thorough review of the macro-economic environment with individual security analysis aiming to unearth the most attractive security valuations relative to that security's market. The typical holding period for the securities is around nine months. It is not intended to focus on any particular industry in making investment in corporate bonds

In performing individual security selection, the Investment Adviser conducts a macro analysis of the Chinese economy considering the dynamics in consumption, investment, government spending and net export as well as inflation outlook, while also taking the global economic environment into account. These fundamental factors are then combined with financial market conditions, which are derived from the global currency, equity, fixed income and commodity markets, in order to seek to anticipate the monetary policy stance from the PBOC. After forming a view on the monetary policies anticipated by the Investment Adviser to be implemented by the PBOC, the Investment Adviser decides on making investments based on whether an interest rate steepening or flattening strategy will be implemented by the PBOC.

A yield curve is a line used in graphs modelling bond performance that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve provides an indication of future interest rate changes and economic activity. A steepening interest rate yield curve typically indicates stronger economic activity and rising inflation expectations. Since a steepening interest rate yield curve indicates that interest rates for longer duration bonds are increasing more than those for shorter duration bonds. A flattening yield curve is opposite in that it indicates that interest rates for longer duration bonds are reducing relative to interest rates for shorter term bonds, suggesting that expectations are for a reduction in inflation and a slowing in economic activity.

The Investment Adviser performs yield curve and relative value analysis on potential securities for purchase in the Sub-Fund's portfolio, taking the existing holdings into account. Yield curve analysis involves the assessment of differences in interest rates between bonds that have a different term to maturity from the same issuer. Relative value analysis involves comparing the yields of specific bonds and determining whether the bond is over or undervalued compared to each other. Before acquiring any potential investment, the Investment Adviser analyses the market technical of the available securities, such as potential demand and supply structure, as well as market positioning, in order to select individual securities for investment by the Sub-Fund which are anticipated by the Investment Adviser to maximize the expected return for the Sub-Fund.

The Sub-Fund will invest in fixed income securities in the PRC traded in the CIBM directly (as described below) or via Bond Connect (as further described in the sub-section headed "China-Hong Kong Mutual Access Program" below.) All securities traded via Bond Connect are listed or traded in the CIBM.

Foreign investors can get access to the onshore RMB bond market through the following schemes: the CIBM Direct scheme and Bond Connect. Each scheme has its own rules, but the Investment Adviser has experienced increasing, and anticipates further, synchronization of these rules in order to simplify the investment process to attract foreign capital inflows.

The CIBM Direct scheme was launched in 2010 and creates a route for international investors such as the Sub-Fund to access Chinese onshore bonds. Under the CIBM Direct scheme, registered foreign investment vehicles such as the Sub-Fund are able to participate directly in the CIBM scheme without requiring a quota. Under the CIBM scheme, foreign institutions can trade bonds directly through foreign investment banks holding a Type A licence.

The CIBM Direct scheme significantly facilitates access to the Chinese fixed income market for foreign institutional investors as there are no investment quotas under the scheme and the process for trading is easier, requiring only a straightforward registration with PBOC before trading. The CIBM Direct Scheme defines three categories of investors, including Type A investors who can trade, settle and provide custody for interbank bond market instruments both for themselves and on behalf of Type C investors. The Sub-Fund will be a Type C investor and the Investment Adviser, acting for the account of the Sub-Fund, will therefore be required to appoint a Type A investor for settlement to carry out bond trading on its behalf.

A diverse range of investors are eligible to apply for CIBM Direct access, including investment funds, commercial banks, asset managers, insurers, securities houses, pension funds, charitable funds and other long-term investors approved by the PBOC. Investors need to submit a planned investment amount and investment horizon upon registration. The account opening is with onshore domestic custodians instead of offshore custodians. The investment scope is for bonds listed/traded on CIBM only and foreign exchange hedging is allowed.

<u>China-Hong Kong Mutual Access Program</u>

Bond Connect is the historic opening up of the CIBM to global investors through the China-Hong Kong mutual access program ("**Bond Connect**"). The Bond Connect initiative was launched in July 2017 to facilitate CIBM access between Hong Kong and mainland China. It was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDC**"), Shanghai Clearing House ("**SHCH**"), and HKEX and the Central Moneymarkets Unit ("**CMU**") of the Hong Kong Monetary Authority ("**HKMA**"). CMU is subject to the ongoing statutory oversight of the HKMA which is carried out by the Financial Market Infrastructure Oversight team at the HKMA.

The Bond Connect platform is designed to be efficient and more convenient for offshore investors at an operational level, by using familiar trading interfaces of established electronic platforms without requiring investors to register on the mainland PRC. Overseas investors invest through offshore electronic trading platforms where trade orders are executed on CFETS, CIBM's centralised electronic trading platform, between investors and more than 20 eligible onshore participating market makers who are part of CFETS.

Asset Segregation

Under Bond Connect, assets are distinctly segregated into three levels across the onshore and offshore central depositories ("**CSD**"). It is mandatory for investors using Bond Connect to hold their bonds in a segregated account at the offshore depository in the name of the end investor.

Bond purchased through Bond Connect will be held onshore with the CCDC in the name of the HKMA. Investors will be the beneficial owners of the bonds via a segregated account structure in the CMU in Hong Kong.

Clearing and Settlement Risk

CMU and CCDC have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, CCDC operates a comprehensive network of clearing, settlement and bond holding infrastructure. CCDC has established a risk management framework and measures that are approved and supervised by the PBOC. The chances of CCDC default are considered to be remote. In the remote event of a CCDC default, the liability of the CMU in relation to Bond Connect bonds under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against CCDC, although it is expected that the CMU would seek in good faith to recover the outstanding bonds and monies from CCDC through available legal channels or through CCDC's liquidation. The Sub-Fund may nevertheless suffer delay in the recovery process or may not fully recover its losses from CCDC.

Trading Link

Participants to Bond Connect register with trading platforms including Tradeweb and Bloomberg, the Bond Connect offshore electronic trading platforms which link directly into CFETS. These platforms will allow trading with designated onshore Bond Connect market makers using the Request for Quotation ("**RFQ**") protocol.

The designated bond connect market makers provide tradable prices through CFETS. The quote will include the full amount with the clean price, yield to maturity and effective period for the response. The market makers can decline to respond to the RFQ and can decline, amend or withdraw the quote as long as it hasn't been accepted by the potential buyer. Upon acceptance of the quote by the potential buyer, all other quotes automatically become invalid. CFETS will then generate a trade confirmation on which the market maker, buyers, CFETS and depository will use to process the settlement.

Transaction Flow for Settlement Process and Link

Settlement is effected via the settlement link between the CMU in Hong Kong and China Depositories (i.e. CCDC and SHCH) in the PRC.

For delivery versus payment transactions:

- Settlement instruction must be matched and affirmed in the CCDC or SHCH (depending on the bond settlement location) by 14:00 HKT via CMU. Securities are earmarked for the transaction and blocked by the CCDC or SHCH system.
- Mainland China trading counterparty (the buyer) pays the settlement cash proceeds to CMU on real-time basis.
- After 14:00 HKT upon confirmation from CMU that funds have been received, CCDC or SHCH will deliver the securities to the mainland China bond dealers and settle the money to cash account on real-time basis. CMU will sweep the outstanding cash balance to the sub-custodians for further credit to Global Custodian's account after 17:00 HKT.

Regulatory Risk

The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Bond Connect will not be abolished. New regulations may be issued from time to time by the regulators in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Bond Connect. The Sub-Fund may be adversely affected as a result of such changes.

Reforms or changes in macro-economic policies, such as the monetary and tax policies might affect interest rates. Consequently, the price and the yield of the bonds held in a portfolio would / could also be affected.

Conversion Risk

The Sub-Fund, whose base currency is not RMB, will also be exposed to currency risk due to the need for the conversion into RMB for investments in CIBM bonds via the Bond Connect. During any such conversion, the Sub-Fund may also incur currency conversion costs. The currency exchange rate may be subject to fluctuation and where RMB has depreciated, the Sub-Fund may incur a loss when it converts the sale proceeds of CIBM bonds into its base currency.

Other Assets

The Sub-Fund may also hold assets such as ancillary liquid assets, including but not limited to, time deposits in times of high volatility, or expected high volatility.

The Sub-Fund will not;

(a) invest directly or indirectly in real property or physical commodities;
(b) invest directly or indirectly in unlisted securities;
(c) take or seek to take legal or management control of an issuer or any of its underlying investments.

Global Exposure and Leverage

Any additional exposure created by the use of financial derivative instruments will not exceed the Net Asset Value of the Sub-Fund. Global exposure and leverage, measured under the commitment approach, shall not exceed 100% of the Net Asset Value of the Fund on a permanent basis.

Financial Derivative Instruments / Hedging/Efficient Portfolio Management

Currency futures, which may be listed on any of the exchanges listed in Appendix II of the Prospectus, and forwards may be used to hedge against currency movements to which the Sub-Fund may be exposed. In addition, in the event of the establishment of an additional Share Class denominated in a currency other than a Base Currency, forward foreign exchange contracts may be used more specifically to hedge the value of that Class in the Sub-Fund against changes in the exchange rate between the currency of denomination of the Class and the base currency of the Sub-Fund.

Details of the risks associated with derivative instruments are set out in the section entitled “Risk Factors” in the Prospectus under the heading “Financial Derivative Instruments Risk” (sub-headings “General”, “Liquidity of Financial Derivative Contracts” and “Over-the-Counter Markets Risk” and “Counterparty Risk”) and in Section 14 of the Supplement entitled “Additional Risk Factors” below.

Direct or indirect operational costs and fees (such as brokerage fees) may be borne by the Sub-Fund in respect of derivatives contracts. One of the considerations taken into account by the Investment Adviser when selecting brokers and counterparties to derivatives transactions on behalf of the Sub-Fund is that any such costs and fees which are deducted from the revenue delivered to the Sub-Fund shall be at normal commercial rates and will be fully disclosed by the Sub-Fund in the annual reports. Any direct or indirect costs and fees will be paid to the relevant broker, counterparty, exchange or clearing house (as the case may be) in respect of the derivatives transaction. All revenues generated through the use of derivatives, net of direct or indirect operational costs and fees, will be returned to the Sub-Fund. In respect of the counterparties to currency forwards such counterparties shall be those which meet the requirements of the Central Bank and may include the Depositary or entities related to the Depositary.

Risk Management Process

The Manager is required under the UCITS Regulations to employ a risk management process which enables it to accurately measure, monitor and manage the various risks associated with financial derivative positions. The commitment method used by the Manager is one of the two methods explicitly permitted under the

UCITS Regulations for this purpose, and details of this process have been provided to the Central Bank. The Investment Adviser will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank.

Borrowings

The Sub-Fund has the ability to borrow an amount of up to 10% of the NAV on a temporary basis to deal with short-term liquidity issues, such as mismatches between settlement of investment transactions and subscriptions and redemptions.

2. Use of Index

The Sub-Fund is actively managed and will measure its performance against the Bloomberg Barclays China Treasury Total Return Index CNY (the "Index") solely for comparison purposes. The Investment Adviser has discretion over the composition of the portfolio of the Sub-Fund subject to the Investment Objectives and Investment Policies of the Sub-Fund. For the avoidance of doubt, the Investment Adviser may select securities not included in the Index, and may be wholly invested in securities which are not consistent with the Index.

The Fund may at any time change the reference index for a Sub-Fund where, for reasons outside its control, the Index has been replaced, or another index may reasonably be considered by the Fund to have become the appropriate standard for the relevant exposure. In such circumstances, any change in index will be disclosed in the annual or half-yearly report of the Sub-Fund issued subsequent to such change.

Although the Sub-Fund will measure performance against the Index, which performance will be disclosed in the relevant KIID, there exists no index outperformance target for the Sub-Fund. Similarly, the Sub-Fund does not have any specified limits on index tracking errors or other constraints that may limit the performance of the Sub-Fund versus the Index. Whilst the Investment Adviser does not employ a defined strategy to align with the Index during periods of volatility, it will take account of market environment and perceived risks at any given time and will employ its investment discretion as described in the investment policies accordingly.

3. Profile of a Typical Investor

The Sub-Fund is ideally suited to investors with a long-term investment horizon, whose investment objective is the achievement of growth in the value of their savings, and/or to diversify their investment universe to include RMB assets, and who are willing to accept an investment strategy involving a high level of volatility and a significant degree of risk in the management of their savings. Investors in the Sub-Fund must be capable of to bear any losses which may result from such an investment.

4. Unit Classes

Units shall be issued to investors as Units of a Class in the relevant Sub-Fund. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund, in accordance with the requirements of the Central Bank, to which different levels of subscription fees and expenses (including the management and, if applicable, performance fee), minimum subscription, minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy and such other features as the Manager may determine may be applicable.

5. Issue of Units

The procedures to be followed in applying for Units and details of applicable subscription fees (if any) are set out in the Prospectus under the heading "Administration of the Fund – Application for Units".

Initial Issue – EUR A Class

During the initial offer period being from 9.00a.m. (Irish time) 16 April 2020 to 5.00p.m. (Irish time) 16 October 2020 (the “Initial Offer Period”), EUR A Class Units shall be issued at an initial issue price of EUR 100 per Unit. Following the Initial Offer Period, Units in the EUR A Class will be offered at Net Asset Value. The Initial Offer Period may be shortened or extended by the Manager. The Central Bank shall be notified of any such shortening or extension.

Initial Issue – USD A Class

During the initial offer period being from 9.00a.m. (Irish time) on 05 June 2020 to 5.00p.m. (Irish time) on 07 December 2020 (the “Initial Offer Period”), USD A Class Units shall be issued at an initial issue price of USD 100 per Unit. Following the Initial Offer Period, Units in the USD A Class will be offered at Net Asset Value. The Initial Offer Period may be shortened or extended by the Manager. The Central Bank shall be notified of any such shortening or extension.

Initial Issue – SEK A Class

During the initial offer period being from 9.00a.m. (Irish time) on 05 June 2020 to 5.00p.m. (Irish time) on 07 December 2020 (the “Initial Offer Period”), SEK A Class Units shall be issued at an initial issue price of SEK 100 per Unit. Following the Initial Offer Period, Units in the SEK A Class will be offered at Net Asset Value. The Initial Offer Period may be shortened or extended by the Manager. The Central Bank shall be notified of any such shortening or extension.

Initial Issue – GBP A Class

During the initial offer period being from 9.00a.m. (Irish time) on 05 June 2020 to 5.00p.m. (Irish time) on 07 December 2020 (the “Initial Offer Period”), GPB A Class Units shall be issued at an initial issue price of GBP 100 per Unit. Following the Initial Offer Period, Units in the GBP A Class will be offered at Net Asset Value. The Initial Offer Period may be shortened or extended by the Manager. The Central Bank shall be notified of any such shortening or extension.

Initial Issue – EUR B (Founder) Share Class

During the Initial Offer Period, EUR B (Founder) Class Units shall be issued at an initial issue price of EUR 100 per Unit. Following the Initial Offer Period, Units in the EUR B (Founder) Share Class will be offered at Net Asset Value of the EUR B (Founder) Class Units. The Initial Offer Period may be shortened or extended by the Manager. The Central Bank shall be notified of any such shortening or extension.

EUR B (Founder) Share Class will be closed to further subscriptions when the NAV of the class reaches US$50,000,000 or its currency equivalent. This is subject to the ability of existing Unitholders, holding

US$5,000,000 or its currency equivalent in the class, to further increase their holding in the class and subject to the Manager's absolute discretion to accept further subscriptions in the class.

Subsequent Issues

Thereafter, Shares shall be issued at a price equal to the Net Asset Value per Unit on the relevant Dealing Day on which the Units are to be issued.

6. Business Day

A "Business Day" shall mean every day which is a bank business day in Dublin and Hong Kong or such other day or days as the Manager may determine from time to time.

7. Dealing Day

The Dealing Day shall be each Business Day, and such other days as the Directors may decide and notify to Unitholders in advance, provided always that there shall be one Dealing Day in every fortnight. Any change in Dealing Day will be notified to Unitholders in advance.

8. Base Currency

The Base Currency is EUR.

9. Dealing Deadline

In the case of subscriptions, 5 p.m. (Irish time) on the day falling 2 Business Days prior to the relevant Valuation Day; in the case of redemptions, 5 p.m. (Irish time) on the day falling 2 Business Days prior to the relevant Valuation Day, provided in both cases that the Manager or Administrator may, in exceptional circumstances, accept applications received by them, up to 5 a.m. (Irish time) on the Valuation Day. For further information please see under "Administration of the Fund – Application for Units – Application Procedure", in respect of subscriptions and "Administration of the Fund – Redemption of Units", in the case of redemptions.

10. Minimum Subscription and Minimum Holding

	Minimum Subscription	**Minimum Holding**
EUR A Class	USD 10,000 (or its currency equivalent)	USD 10,000 (or its currency equivalent)
USD A Class	USD 10,000 (or its currency equivalent)	USD 10,000 (or its currency equivalent)
SEK A Class	USD 10,000 (or its currency equivalent)	USD 10,000 (or its currency equivalent)
GBP A Class	USD 10,000 (or its currency equivalent)	USD 10,000 (or its currency equivalent)
EUR B (Founder) Class	USD 5,000,000 (or its currency equivalent)	USD 500,000 (or its currency equivalent)

The minimum subscription and Minimum Holding for each Class is set out above, or such lesser amount as permitted by the Directors in their absolute discretion from time to time.

11. Valuation Day and Valuation Point

The Valuation Day shall be the Business Day immediately preceding a Dealing Day. The Valuation Point shall be 10 p.m. (Irish time) on the Valuation Day.

12. Distribution Policy

It is the present intention of the Directors of the Manager not to declare or pay dividends, and income earned by the Sub-Fund will be reinvested and reflected in the value of the Units.

13. Fees and Expenses

The Manager

EUR A Class

The Manager shall be entitled to receive an annual fee of up to 0.65% of the Net Asset Value of the Sub-Fund attributable to the EUR A Class (the "Management Fee"), accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to the Sub-Fund. The Manager shall also be entitled to be repaid all of its out of pocket expenses charged at normal commercial rates out of the assets of the Sub-Fund.

USD A Class

The Manager shall be entitled to receive an annual fee of up to 0.65% of the Net Asset Value of the Sub-Fund attributable to the USD A Class (the "Management Fee"), accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to the Sub-Fund. The Manager shall also be entitled to be repaid all of its out of pocket expenses charged at normal commercial rates out of the assets of the Sub-Fund.

SEK A Class

The Manager shall be entitled to receive an annual fee of up to 0.65% of the Net Asset Value of the Sub-Fund attributable to the SEK A Class (the "Management Fee"), accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to the Sub-Fund. The Manager shall also be entitled to be repaid all of its out of pocket expenses charged at normal commercial rates out of the assets of the Sub-Fund.

GBP A Class

The Manager shall be entitled to receive an annual fee of up to 0.65% of the Net Asset Value of the Sub-Fund attributable to the GBP A Class (the “Management Fee”), accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to the Sub-Fund. The Manager shall also be entitled to be repaid all of its out of pocket expenses charged at normal commercial rates out of the assets of the Sub-Fund.

EUR B (Founder) Class

The Manager shall be entitled to receive an annual fee of up to 0.45% of the Net Asset Value of the Sub-Fund attributable to the EUR B (Founder) Class (the “Management Fee”), accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to the Sub-Fund.

The Administrator

The Administrator shall be entitled to receive an annual fee for its administration services provided under the Administration Agreement as shown below as a proportion of the Net Asset Value of a Sub-Fund accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) of up to 0.06% of Net Asset Value per annum. The Administrator’s fee is subject to a total minimum monthly fee out of the assets of the Sub-Fund of US$4,000 which will be waived for the first three months following the launch of the Sub-Fund.

A fee of €3,000 per Sub-Fund (plus VAT, if any) is charged for the preparation of both interim and year- end financial statements.

The Administrator shall also be entitled to receive an annual transfer agency fee (plus VAT, if any) which is accrued monthly and payable monthly in arrears as follows:

Base fee per Sub-Fund per annum: US$3,750.
Base fee per Class per annum: US$1,250.

The Administrator shall also be entitled to be repaid out of the assets of the relevant Sub-Fund all of its reasonable out-of-pocket expenses charged at normal commercial rates incurred on behalf of the Sub-Fund, which shall include, but are not limited to, legal fees, couriers' fees and telecommunication costs and expenses.

The Depositary

The Depositary will receive out of the assets of the Sub-Fund, an annual Depositary fee as shown below as a proportion of the Net Asset Value of a Sub-Fund accrued at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) of up to 0.015% of Net Asset Value. The Depositary’s fee is subject to an annual minimum fee of US$12,000 which will be waived for the first three months following the launch of the Sub-Fund. Transaction fees will also be charged at normal commercial rates. The Sub-Fund shall discharge the Depositary’s sub-custodial fees which will be charged at normal commercial rates.

Other

The Sub-Fund shall bear the fees and expenses relating to the establishment of the Sub-Fund, which are not anticipated to exceed €20,000 plus VAT which may be amortised over the first five Accounting Periods of the Sub-Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

The Sub-Fund shall also bear its attributable portion of the fees and operating expenses of the Fund as detailed in the Prospectus. In this regard, please see the section of the Prospectus under the heading "Management and Fund Charges".

14. Additional Risk Factors

The attention of investors is drawn to the "Risk Factors" section in the Prospectus and in addition, the attention of investors is drawn to the following additional risk factors.

Futures Risk

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Sub-Fund from promptly liquidating unfavourable positions and subject the Sub-Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contracts.

Legal Risk

The Sub-Fund may be subject to a number of risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain of the markets in which assets of the Sub-Fund may be invested. Standardised documentation may not exist for all types of transactions in which the Sub-Fund may invest.

Credit Risk

There can be no assurance that the issuers of securities or other instruments in which the Sub-Fund may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. The Sub-Fund may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default. When the Sub-Fund invests in a security or other instrument which is guaranteed by a bank or other type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

Further, the recipient of assets delivered by the Depositary or any sub-custodian may fail to make payment for or return such property or hold such property or the proceeds of sale of such property in trust for the Depositary or the Sub-Fund.

Interest Rate Risk

The fixed income securities in which the Sub-Fund may invest are interest rate sensitive, which means that their value and, consequently, the Net Asset Value of the Sub-Fund will fluctuate as interest rates fluctuate. An increase in interest rates will generally reduce the value of the fixed income securities. The Sub-Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns to the Sub-Fund while attempting to minimise the associated risks to its investment capital.

Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks.

The volume of transactions effected in the RMB bond market may be appreciably below that of the world's largest markets, such as the United States. Accordingly, the Sub-Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

Money Market Risk

Money market type instruments are neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Such instruments are not deposits or obligations of, or guaranteed or endorsed by, any bank. Where the Sub-Fund invests substantially in money market type instruments, the principal invested in the Sub-Fund is capable of fluctuation.

Chinese Government Currency Controls

Investment in Yuan-denominated securities is subject to the strict currency controls imposed, and regular interventions, by the Chinese government.

As a result of such controls and interventions, the value of Yuan-denominated securities may change quickly, potentially impacting the availability, liquidity, and pricing of securities designed to provide offshore investors with exposure to Chinese markets.

China Investment Risk

Investing in the securities markets in mainland China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Companies in mainland China are required to follow the Chinese 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 the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Under the prevailing tax policy in mainland China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future.

Risks Associated with China Interbank Bond Market and Bond Connect

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

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

For investments via the 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.

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

Investing in the CIBM is also subject to regulatory risks. The relevant rules and regulations on investment in the CIBM is subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, the Sub-Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Sub-Fund may suffer substantial losses as a result. Reforms or changes in macro-economic policies, such as the monetary and tax policies might affect interest rates. Consequently, the price and the yield of the bonds held in a portfolio would/could also be affected.

Tax Risks Associated with CIBM and Bond Connect

Any changes in tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the tax authorities of income and other tax categories may increase tax liabilities on the Sub-Fund and result in a material loss to the Sub-Fund.

The Investment Manager may, in its discretion from time to time make a provision for potential tax liabilities, if in their opinion such provision is warranted, or as further clarified by the mainland China tax authorities in notifications.

Emerging Market Risk

It should be appreciated that, due to the emerging nature of the financial markets in China, the equity and other investment trading markets are of a less developed nature than established markets in other geographical areas. This gives rise to various special risk factors.

Investors are advised that, compared with other more mature markets, liquidity in certain areas of emerging financial markets may be more limited. Accumulation and disposal of certain investments may, therefore, be difficult or not possible at the time when the Sub-Fund would wish to deal and may involve dealing at unfavorable prices. It should be appreciated that the political environment of certain emerging markets may vary significantly from more established economies. Accordingly, political risks may, from time to time, manifest themselves in a way which could seriously affect investment prices and hence the value of any investment in the Sub-Fund.

Clearing, settlement and share registration processes and procedures also vary widely from company to company and from market to market as the case may be and this may affect the Sub-Fund’s valuation and the liquidity of the Sub-Fund. Inability to dispose of a security on a timely basis due to settlement problems could result in losses to the Sub-Fund. Moreover, counterparty risk is greater when registration and settlement may be achieved by way of physical delivery of certificates and registration forms.

Disclosure and regulatory standards in emerging markets may be less stringent than those in other more established international markets, with a lower level of monitoring and regulation of the market and market participants, and limited and uneven enforcement of existing regulations. Consequently, the prices at which the Sub-Fund may acquire investments may be affected by other market participants' anticipation of the Sub-Fund's investing and by trading by persons with material non-public information. There may be less publicly available information about an issuer in an emerging market than would be available in more developed markets, and the issuer may not be subject to accounting, auditing and financial reporting standards comparable to those of companies in more developed markets.

The use of nominees in certain instances represents additional counterparty risk, although these rules may be mitigated by the application of additional operational procedures. In addition, there may be instances, where the purchase of investments through nominees or otherwise on behalf of the Sub-Fund may not be possible and this may restrict investment opportunities available to the Sub-Fund.

Custody Risks

As the Sub-Fund may invest in markets, as disclosed in the Prospectus, where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks not pertaining to the performance of the Depositary's obligations under the Depositary Agreement and the UCITS Regulations.

Such risks include (but are not limited to): (a) a non-true delivery versus payment settlement; (b) a physical market, and as a consequence the circulation of forged securities; (c) poor information in regards to corporate actions; (d) registration process that impacts the availability of the securities; (e) lack of appropriate legal/fiscal infrastructure devices; and (f) lack of compensation/risk fund with the central depository.