APS FUND

Supplement to the Prospectus dated 10 December 2014 and the addendum to the Prospectus dated 16 March 2017 for APS Vietnam Alpha Fund

This Supplement contains specific information in relation to APS Vietnam Alpha Fund (the "**Fund"**), a fund of APS Fund (the **Trust**) an umbrella Unit Trust constituted by a Trust Deed governed by the laws of Ireland authorised by the Central Bank of Ireland (the **Central Bank**). There are three other funds of the Trust in existence namely, APS Far East Alpha Fund, APS Japan Alpha Fund and APS Asia Pacific Long Short Fund.

This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus dated 10 December 2014 and the addendum to the Prospectus dated 16 March 2017 (the Prospectus).

The Directors, whose names appear under **'Directors'** in the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. 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.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated 13 November 2017

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1. INVESTMENT OBJECTIVE AND POLICIES

1.1. Investment Objective:

The investment objective of the Fund is to seek medium to long term capital growth.

1.2. Investment Policies:

The Fund will invest in shares of companies listed in Vietnam and will also invest in financial derivative instruments such as rights, warrants, covered warrants and convertible bonds which give exposure to such shares. The Fund may also invest up to 30% of its net assets in shares of companies traded outside Vietnam (the **Free to Roam Limit**) which are listed or will be listed or traded on the markets or regulated exchanges set out in Appendix I of the Prospectus, specifically those traded on a recognised stock exchange of the following countries:

Singapore, Thailand, Malaysia, Indonesia, Philippines, India, Hong Kong, China, Taiwan and South Korea.

The Fund may also invest up to 10% of its aggregate net assets in unlisted securities of companies based in Vietnam.

The Fund will invest in shares of companies, which meet the selection criteria of the Investment Manager for securities described below, listed on the Ho Chi Minh Stock Exchange, the Hanoi Securities Trading Centre and the recognized stock exchanges of the countries listed above.

Subject to the Free to Roam Limit, the Fund may also invest part of its assets directly in the China A Shares through the RQFII Quota granted to the Investment Manager; to the extent permissible under applicable laws and regulations of the People's Republic of China (**PRC**) in warrants, convertible bonds, PRC government bonds and debt securities issued by PRC companies and approved by the China Securities Regulatory Commission (**CSRC**) from time to time. There is no restriction applicable to investment through RQFII Quota other than the Free to Roam Limit.

The Fund will adopt a bottom-up value oriented strategy by actively searching for securities selling at prices considered to be unusually low in relation to the Investment Manager's assessment of their true value. The Investment Manager selects investments based on many years of experience in investing in Asian markets and in carrying out meticulous primary research of the securities. Primary bottom-up research would consist of detailed investigations into corporate fundamentals as well as careful valuation work to determine the intrinsic value of a company. In addition to the normal fundamental analysis, the Investment Manager will also distinguish the well-run and competitive companies from badly-run and uncompetitive ones through regular company visits that enable it to know the people managing the businesses. The Investment Manager bases its investment decision on its evaluation of the investment risks, the potential for capital gains and recurring income. The Fund does not focus on any specific industry. Its investment portfolio is the result of the bottom-up investment research process performed by the Investment Manager. The selection criteria also applies to unlisted securities in which the Fund may invest.

The Fund may also invest in financial derivative instruments such as futures, options, equity linked notes and contracts for difference for investment and efficient portfolio management purposes in order to gain exposure in countries where there are restrictions on foreign investors investing directly in the listed securities, such as China, Korea, India and Taiwan, to enhance the performance of the Fund. Equity linked notes will be used to gain exposure to China A shares.

The Fund may invest in rights, warrants, covered warrants and convertible bonds which may be converted either at a stated price or at a stated rate for common or preferred underlying securities. Such securities may be issued by companies based in Vietnam or the countries listed in paragraph 2 above. The purpose is to allow the Fund to have exposure to the underlying listed securities at a lower cost as such instruments may be priced more attractively than the underlying listed securities.

The Fund will apply the commitment approach to calculate global exposure and the global exposure to financial derivative instruments will not exceed 30% of the Fund's net assets. The total exposure of the Fund is therefore limited to 130% of net assets. Further details are set out below under the section **Borrowing and Leverage** and **Financial Derivative Instruments**.

Because the Fund invests mainly in shares of companies and financial derivative instruments listed in Vietnam, which is an emerging market, and because Vietnamese stock markets involve higher risk than stock markets in general, the Fund is recommended for a sophisticated and long term investor as part of a well diversified portfolio. The Fund may be 100% invested in emerging markets.

The Fund may invest in deposits with credit institutions pursuant to the criteria and investment restrictions set out under the section **Investment Restrictions** in paragraph 3.2.2 (7) in the Prospectus and may invest in ancillary liquid assets such as cash, cash equivalent and bank deposits.

Consistent with its objective to seek medium to long term capital growth, the Fund seeks to achieve capital growth in excess of 8% per annum.

The capital growth is not guaranteed. The past performance of the Fund and any future forecast are not necessarily indicative of likely performance of the Fund.

The value of investments may fall as well as rise. Investors may wish to seek independent advice before investing in the Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

2. INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading **"FUNDS - Investment Restrictions"** in the Prospectus shall apply.

3. PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for investors seeking long term capital appreciation through investment in Vietnam. Investors would be expected to have a reasonable tolerance for volatility of net assets value from time to time.

4. CURRENCY HEDGING STRATEGY

A currency hedging strategy may be used for efficient portfolio management purposes effectively to hedge against movements in the values of Unit Classes which are not denominated in the base currency (a Hedged Unit Class). For such Unit Classes, the Investment Manager intends to hedge the currency exposure of those Unit Classes denominated in a currency other than the Base Currency, in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Unit Class currency and the Base Currency. There is no assurance that the currency hedging employed will fully eliminate the investor's exposure to exchange rate fluctuations.

For a Hedged Unit Class, the Investment Manager will attempt to provide investors with a return more closely correlated to the Base Currency performance of the Fund, by reducing the effect of exchange rate fluctuations between Base and hedged currency. Class D Units which are denominated in Singapore Dollars are hedged against the Base Currency.

Where the Fund seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Fund. Under-hedged position shall not fall short of 95% of the Net Asset Value of the relevant Unit Class and will be kept under review to ensure it is not carried forward from month to month and over-hedged positions will not exceed 105% of the Net Asset Value of the relevant Unit Class and hedged positions will be kept under review to ensure that over-hedged positions do not exceed the level permitted above and shall ensure that positions materially in excess of 100% of the Net Asset Value will not be carried forward from month to month.

This section is to be read in conjunction with the section entitled Financial Derivative Instruments (FDI) section below and in the Prospectus.

5. FINANCIAL DERIVATIVE INSTRUMENTS (FDI)

Subject to the investment restrictions set out in the prospectus, the Fund may use the following instruments for the purpose of investment and/or efficient portfolio management in accordance with Appendix II of the Prospectus namely options, futures, forwards, contracts for difference, repurchase agreements, warrants and convertible bonds.

Forwards
A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The Funds' use of forward foreign exchange contracts may include, but is not be limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, shifting exposure to currency fluctuations from one currency to another and hedging classes denominated in a currency (other than the Base Currency) to the Base Currency.

Futures
The Fund may also enter into certain types of futures contracts or options on futures contracts. A futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. Purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price.

The purchase or sale of a futures contract differs from the purchase or sale of a security or option in that no price or premium is paid or received. Instead, an amount of cash of the face amount of the futures contract must be deposited with the broker. This amount is known as initial margin. Subsequent payments to and from the broker, known as variation margin, are made on a daily basis as the price of the underlying futures contract fluctuates making the long and short positions in the futures contract more or less valuable, a process known as “marking to market”.

In most cases futures contracts are closed out before the settlement date without the making or taking of delivery. Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the specific type of financial instrument or commodity and the same delivery date. If the price of the initial sale of the futures contract exceeds the price of the offsetting purchase, the seller is paid the difference and realises a gain. Conversely, if the price of the offsetting purchase exceeds the price of the initial sale, the seller realises a loss. Similarly, the closing out of a futures contract purchase is effected by the purchaser entering into a futures contract sale. If the offsetting sale price exceeds the purchase price, the purchaser realises a gain, and if the purchase price exceeds the offsetting sale price, a loss will be realised.

Options
The Fund may purchase options contracts. A call option on a security is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. Put options may be purchased on condition that the security that is the subject of the put option remains at all times in the ownership of the relevant Portfolio except in the case of cash-settled put options in which case this condition will not apply. Index put options may be purchased provided that all of the assets of the Portfolio, or a proportion of such assets which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract.

Contracts for Differences (CFD's)
CFD's are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a ‘long’ exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a ‘short’ exposure where the holder is paying the economic benefits of the underlying security to the other party.

CFD's can be used to either gain access to a market with a restricted trading regime, or to reduce the exposure of the Fund to a particular market. An example would be where the Fund wishes to purchase a security where the local regulatory and tax jurisdictions make it difficult for a foreign investor to purchase the security. In this situation, the Fund will enter into a swap agreement with a counterparty that has the ability to purchase the security locally, and then pass on the economic benefits of the security through a swap agreement.

Convertible bonds
Convertible bonds give the holder exposure to a debt instrument with an option (usually at a fixed point of time in the future) to convert the debt into equity at a fixed price. Therefore, the holder has an option on the underlying equity of the particular company. For the Fund, the investment rationale is that a convertible bond gives an interest stream whilst also giving exposure to the underlying equity.

Repurchase agreement
A repurchase agreement means an agreement by which a counterparty transfers securities, commodities, or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow a counterparty to transfer or pledge a particular security or commodity to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities or commodities and a reverse repurchase agreement for the counterparty buying them.

Warrants
A warrant is a security that entitles the holder to buy stock of the company that issued it at a specified price. Warrants have similar characteristics to call options, but are typically issued together with preferred stocks or bonds or in connection with corporate actions and are usually of little value. There are other types of warrants such as covered warrants, currency warrants and index warrants which are issued by financial institutions and may or may not be exchange traded. Such covered warrants may have the characteristics of call or put options.

The Fund will employ a risk management process which enables it to accurately measure, monitor and manage the risks associated with the use of FDI transactions. The Fund will, on request, produce supplementary information to Unitholders relating to risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

6. BORROWING AND LEVERAGE

In accordance with the general provisions set out in the Prospectus under the **heading "FUNDS - Borrowing and Lending Powers"** the Fund may borrow up to 10% of its net assets on a temporary basis. The leverage of the Fund as a result of investment in financial derivative instruments will not be more than 30% of its net assets.

7. RISK FACTORS

The general risk factors set out under the heading **"RISK FACTORS"** in the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund:

7.1. General Risk Factors

Prospective investors should be aware that the value of the Units and the return derived from them may fluctuate. The same applies to the securities in which the Fund will invest. In addition, there can be no assurance that the Fund will achieve its investment objectives. The past performance of the Investment Manager may not be construed as an indication of the future results of an investment in Units of the Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all Investors.

7.2. Political & Economic Risks

The Net Asset Value of the Fund may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation and interest rates and other political and economic developments in law or regulations and, in particular, the risk of, and change in, legislation relating to the level of foreign ownership. While Vietnam has implemented a number of reforms to improve the investment framework for foreign investors to invest, there is no assurance that the reforms will continue to benefit the foreign investors.

7.3. Repatriation of Capital, Dividends, Interest and Other Income Risks

It may not be possible for the Fund to repatriate capital, dividends, interest and other income from some emerging market countries in which the Fund may invest directly as set out in the **Investment Policy** section, or it may require government consent to do so such as in countries like Vietnam, India, Taiwan and Korea. The Fund could be adversely affected by the introduction of the requirement for any such consent, or delays in or the failure to grant any such consent, for the repatriation of funds or by any official intervention affecting the process of settlement of transactions which may in turn affect the repatriation of funds. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

7.4. Settlement, Clearing and Registration Risks

Some of the countries in which the Fund may invest are undergoing a period of rapid expansion. There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in some of these markets. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many less developed markets, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by the Fund, including those related to dividends, can be realised.

7.5. Market Risk

Financial markets are increasingly more volatile. Wide swings in market prices that have been a feature of smaller and less developed markets are also becoming common in major financial markets. In many instances, market prices defy rational analysis or expectation for prolonged periods of time and are influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market. Investment expectations may therefore fail to be realised in such instances too.

7.6. Investment in Publicly Traded Securities

Some of the markets in which the Fund may invest are emerging markets, and as a consequence tend to be substantially smaller, less liquid, less regulated and more volatile than major securities markets, such as those in more developed economies. The liquidity of securities in some emerging countries in particular, Vietnam may be limited, which could also affect the Fund's ability to acquire or dispose of securities at the price and at the time it wishes to do so.

7.7. Convertible Bonds

The market value of convertible bonds tend to decline as interest rates rise. Because of the conversion feature, the market value of convertible bonds also tends to vary with fluctuation in the market value of the underlying common or preferred security.

7.8. Inflation

Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries. Depending on rates of inflation in countries in which the Fund invests, this factor could affect the performance of the Fund.

7.9. Financial Disclosure

Less information may be available about some issuers in other parts of the world as compared to issuers in the United States or in other developed countries. Accounting, auditing and financial reporting standards in some countries are not necessarily equivalent to standards applicable in the United States or in other developed countries. As a result, the disclosure of certain material information may not be made and less information may be available to the Fund and other investors than would be the case if the Fund's investments were, for example, restricted to investments in developed countries.

7.10. Futures and Options

Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to the relevant Fund. On execution of an option, a Fund may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.

7.11. Derivatives

Investments may include derivatives such as warrants for the purpose of efficient portfolio management. The risk of investing in warrants depends on the terms attached to them and on the volatility of the stock markets on which they are traded. As the viability of exercising warrants depends on the market prices of the securities to which they relate, it may be the case that the Investment Manager from time to time considers it not viable to exercise certain warrants held by the Fund within the prescribed period, in which case any costs incurred in obtaining the warrants will not be recoverable.

7.12. Counterparty Risk

The Fund will transact most of its investments through financial institutions including but not limited to brokers, dealers and banks. All purchases and sales of securities will carry counterparty risks until the transactions have settled. All derivative transactions will carry counterparty risks either until the derivatives expire or until the derivatives are exercised and the underlying securities or cash are settled or until the derivatives are off-set under the terms of their contracts. All deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk. Upon default by a counterparty, the Fund may be forced to unwind certain transactions and the Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the Fund's assets.

7.13. Exchange Control and Currency Risk

The Fund's assets may be invested in securities denominated in currencies other than the Base Currency and any income received by the Fund from those investments will be received in those currencies, some of which may fall in value against the Base Currency. The Fund will compute its Net Asset Value in US Dollars and there is therefore a currency exchange risk which may affect the value of the Units to the extent that the Fund makes such investments. The Fund may from time to time invest its assets in countries which have exchange control restrictions and the Fund may encounter difficulties or delay in relation to the receipt of their divestments due to such controls existing in various countries.

7.14. Uncertainty in Taxation

The tax regulations in some of the emerging markets that the Fund invests in are under development and are not clear. In addition, specific taxation laws and practices may develop with respect to foreign investment which may be more or less favourable than current laws and practices. There are many areas where detailed regulations do not currently exists and where there is lack of clarity. The value of the Fund's investments in such countries and the amount of its income and gains could be adversely affected by an increase in the current rates of taxation or future changes in the basis of taxation.

7.15. Special Risks of investing in China

7.15.1. Investment Regulations

At present, the securities market and the regulatory framework for the securities industry in China are significantly less developed than other developed financial markets. The CSRC is responsible for supervising the national securities markets and producing relevant regulations. The regulations relating to foreign investment in the PRC, including the Administration Rules on Strategic Investment by Foreign Investors in Listed Companies, the Measures on Administration of Domestic Securities Investment of Qualified Institutional Investors promulgated by the CSRC and the People's Bank of China (PBOC), the Pilot Provisions on Domestic Securities Investment in China by Renminbi Qualified Institutional Investors, the circular and all related and other applicable laws, regulations, rules, guidelines, orders, policies and any governmental, regulatory, exchange, clearing system or other authority directives or requests, whether or not having the force of law, in connection with investments in the PRC and trading securities, including without limitation, foreign exchange restrictions and rules relating to investments in securities, as all of the same may be amended from time to time (the Investment Regulations) under which the Fund may invest in China and which regulate repatriation and currency conversion are relatively new.

The QFII system launched by the PBOC, CSRC and the State Administration of Foreign Exchange (SAFE) in 2002 has been the principal method for foreign investors to invest directly in the securities markets of China. It allows foreign institutional investors to invest in China's capital markets, subject to first obtaining a QFII license from the CSRC and then an investment quota allocated by the SAFE.CSRC, PBOC and SAFE have taken a gradual approach to broadening the appeal of the QFII scheme to foreign investors by lowering the threshold requirements for applicants seeking QFII licences, expanding the universe of permissible investments available to QFIIs and increasing the total QFII quota granted. As from 3 February 2016, a QFII can obtain quota through filing with the SAFE based on the assets of the QFII or the assets under management of the QFII.

The RQFII scheme was launched in China on 16 December 2011 pursuant to the promulgation of the Pilot Measures for Onshore Securities Investment by Fund Management Companies and Securities Companies that Qualify as RMB Qualified Foreign Institutional Investors by the CSRC, PBOC and SAFE and the issue of the corresponding implementing rules by the CSRC. This measure was subsequently abolished by the Measures on Pilot Program of Securities Investments in Mainland China by RMB Qualified Foreign Institutional Investors promulgated by the CSRC, PBOC and SAFE and its implementation measures on 1 March 2013.

Initially, the RQFII scheme was only for applicant who was (i) the Hong Kong subsidiary of PRC domestic fund managers, securities houses, commercial banks and insurance companies or financial institutions with its registered address or main place of business in Hong Kong; and (ii) has obtained the requisite asset management qualifications from the Hong Kong securities regulatory authority and must have already been carrying out asset management operations. According to the Cross-strait Service Trading Agreement signed on 21 June 2013, the PRC has also permitted Taiwanese invested financial institutions to make investment in Chinese capital market as RQFIIs. Since 12 July 2013, the CSRC has extended the RQFII scheme to other countries, including but not limited to Singapore, United Kingdom, France, Germany, South Korea, Qatar, Canada, Australia, Switzerland, Luxembourg, Chile, Hungary and the United States of America.
Unlike QFII schemes that remit foreign currencies into China, each RQFII can remit RMB funds raised offshore into China within its investment quota approved by the SAFE. This is done through RQFII Chinese custodians who are responsible for supervising onshore investments made by the RQFII and for fulfilling the reporting requirements to the mainland Chinese authorities.

The application and interpretation of the Investment Regulations is therefore untested and there is no certainty as to how these provisions will be applied in the future. In addition, the Investment Regulations give CSRC and the SAFE wide discretion and there is no certainty as to how this discretion might be exercised now or in the future. The Investment Regulations may be varied in the future. There is no assurance that the Investment Regulations will not prejudice the Fund's investment through the Quotas of the Investment Manager or other financial institutions that have obtained their QFII's or RQFII's and they are subject to review from time to time by CSRC and SAFE.

Investments into China's domestic capital markets are restricted. Only foreign institutional investors who are QFIIs and/or RQFIIs approved by the CSRC can have access to the Chinese capital market including investing directly in A Shares. As at end November 2016, 304 QFIIs licences were granted and 216 RQFIIs licences were granted. And at the end of December 2016, the quota granted for QFIIs was USD87.309 billion and the quota granted for RQFIIs was RMB528.475 billion.

Under the Investment Regulations, within the granted quota, a QFII or a RQFII can invest in securities, bonds and warrants listed on stock exchanges, fixed income products on inter-bank bond market, securities investment funds, stock index futures (for hedging purposes only) and other financial instruments allowed by the CSRC. A QFII or a RQFII can also participate in initial public offerings, issuance of convertible bonds, follow-on securities issuance and subscription of allotment of securities.

Upon obtaining the Securities Investment License, a QFII/RQFII may, calculate based on its assets scale or its scale of the securities assets under its management (“Assets Scale”), obtain its basic Quota (“Basic Quota”) by filing with the SAFE. Approval from SAFE shall be required if the applied Quota exceeds its Basic Quota. The standards for the Basic Quota of a QFII are as follows: (i) where the assets of the QFII (or assets under QFII’s management) or the assets of the group which the QFII affiliates mainly located outside the PRC, the calculation formula is:USD100 million+0.2%*average Assets Scale for the last three years-RQFII Quota already obtained (calculated in USD equivalents); (ii) where the assets of the QFII (or assets under QFII’s management) or the assets of the group which the QFII affiliates mainly located inside the PRC, the calculation formula is: equivalent of RMB5 billion+80% *Assets Scale for the last year-RQFII Quota already obtained; (iii) not exceeding USD5 billion; and (iv) not less than USD20 million.

The standards for the Basic Quota of a RQFII are as follows: (i) where the assets of the RQFII (or assets under RQFII’s management) or the assets of the group which the RQFII affiliates mainly located outside the PRC, the calculation formula is: equivalent to USD100 million+0.2%*average Assets Scale for the last three years-QFII Quota already obtained (calculated in RMV equivalents); (ii) where the assets of the RQFII (or assets under RQFII’s management) or the assets of the group which the RQFII affiliates mainly located inside the PRC, the calculation formula is: equivalent of RMB5 billion+80% *Assets Scale for the last year-QFII Quota already obtained.

The filing and the approval of the Quota shall be handled through its custodian bank. RQFIIs (other than open-ended fund) and QFIIs may not repatriate capital for a minimum of three months, calculated from the date on which the capital remitted by the RQFII equals RMB100 million and the capital remitted by the QFII equals USD20 million. Repatriations of principal capital requires a filing with SAFE. Open-ended funds established by an RQFII are not subject to any lock-up period and no approval from SAFE is required. Where the Quota of a QFII or a RQFII fails to be effectively used within one year from the date of filing or approval of the Quota, the SAFE shall be entitled to take back all or part of the unused Quota.

The CSRC conducts supervision and administration over securities investment in China by RQFIIs, the PBOC manages the opening of RMB bank accounts by RQFIIs in China and the SAFE manages the investment quotas of RQFIIs, while the PBOC will, in conjunction with the SAFE, monitor and manage the capital inflow and outflow of RQFIIs. Balance management is applied to open-ended funds established by a RQFII by the SAFE and the net amount of the RMB capital remitted cannot exceed the approved quota.

Currently under the Investment Regulations, the application for capital remittance onshore by a QFII and RQFII may be made to SAFE upon the expiration of the term prescribed by the SAFE. Upon the expiration of the term prescribed by the SAFE, a QFII may remit the investment principal and the investment proceeds abroad in instalments or by batches and a RQFII may remit the investment principal and the investment proceeds abroad, upon a specific audit having been completed and any applicable tax paid for the remittance of realized profits abroad.

As for open-ended fund established by a QFII and RQFII, based on the net of the offset balance of the subscription or redemption of the open-ended PRC fund, the custodian bank may handle the remittance and repatriation of funds on a daily basis.

No approval from SAFE is required in respect of QFII provided that the accumulated repatriation funds in a month for a QFII (including open-ended funds) do not exceed 20% of the total assets of the fund in the PRC in the previous year-end.

A RQFII may remit the principal and the investment proceeds abroad either in RMB or in foreign currency purchased. The permitted remittance capital include proceeds from sales of securities cash dividends, interest, as well as other funds which are allowed to be remitted abroad by the PBOC and the SAFE.

7.15.2. **Investment Restrictions**

The following investment restrictions apply to investments made by the Fund through the RQFII quota:

1. Shares held by each single foreign investor purchased through RQFII shall not exceed 10 per cent of the total outstanding shares of any listed company;

2. The aggregate holdings of all RQFIIs in any listed company cannot exceed 30 per cent of the total outstanding shares of the listed company;

3. A RQFII is prohibited from buying and selling securities issued by the same issuer on a same given day;

4. Once a RQFII holds more than 5% of a single Chinese issuer, it has to report its holding to the Chinese authorities within 3 business days from the day it held more than 5% and it is prohibited from trading any security issued by such issuer within the same 3 day period;

5. If a position in respect of a single listed company exceeds 5% of the total issued shares of such listed company, the RQFII must return any profits generated from the sale of any shares of such listed company that were purchased within six (6) months of such sale or generated from the purchase of any shares of such listed company that were sold within six (6) months of such purchase to the listed company.

7.15.3. **Quotas**

The Fund may gain indirect exposure to the A Share market by relying on Quotas granted by SAFE to RQFIIs/QFIIs, and direct exposure to the A Share market by relying on quotas granted to RQFIIs/QFIIs. QFIIs and RQFIIs are qualified non-Chinese investors including the Investment Manager, fund management institutions, financial institutions or other institutional investors (including affiliates of the Investment Manager). The Investment Manager has both QFII and RQFII quotas. These are separate quotas granted by SAFE. Introduced by CSRC in 2002 and 2013 respectively, the Quota programme facilitates direct investment by such institutions in specific Chinese domestic securities, including A Shares, certain listed bonds and warrants, fixed return products traded in the interbank bond market, securities, investment funds, stock index futures and other financial instruments permitted by CSRC (excluding B Shares). QFIIs and RQFIIs can also participate in subscription for an initial public offering of shares, issuance of convertible bonds, follow-on share issuance and share placements. The Quota applicable to a single QFII or a single RQFII is based on the assets of the QFII/RQFII or the assets under management of the QFII/RQFII.

By transacting with affiliated and unaffiliated funds or financial institutions holding Quotas, the Fund may acquire direct A Shares, Market Access Products and investments in a RQFII/QFII fund managed by the Investment Manager or its affiliates. Market Access Products are derivative instruments linked to China A Shares that are intended to provide economic performance equivalent to holding the underlying A Shares such as ELN's and P-Notes. However, the precise use of such Quota systems is subject to complex and evolving policies, rules, regulations and market forces. As a result, the Investment Manager’s ability to invest in or rely on the Quota programme could change suddenly and significantly. In such case, the Fund could be required to repatriate, unwind, terminate, reduce or replace securities or otherwise adjust portfolio exposure — all at a potential material loss to the Fund. In addition, the Fund does not have exclusive use of the QFII Quotas or RQFII Quotas it may indirectly invest through. The Investment Regulations apply to each QFII Quota/RQFII Quota as a whole, and not simply to investments made by the Fund. Thus investors should be aware that violations of the Investment Regulations arising out of activities related to portions of the relevant QFII Quota/RQFII Quota other than those which are utilised by the Fund could result in the revocation of or other regulatory action in respect of the QFII Quota/RQFII Quota as a whole, including any portion utilised by the Fund. Likewise limits on investment in A Shares, and the regulations relating to the repatriation of capital and profits are applied in relation to the QFII Quota as a whole. Hence the ability of the Fund to make investments and/or repatriate monies from the relevant QFII Quota may be affected adversely by the investments, performance and/or repatriation of monies invested by other investors utilising the relevant QFII Quota. The Fund may make investments through additional QFIIs/RQFIIs that enter into an arrangement with the Fund subsequent to a Unitholder investing in the Fund. Each arrangement may have materially different terms.

7.15.4. **Custody**

The Trustee has appointed China Construction Bank Corporation as sub-custodian in the PRC to act as the local custodian of the Fund's investments and cash in connection with the RQFII quota to be used exclusively by the Fund in the PRC pursuant to the Investment Regulations. The Sub-Custodian has established securities and cash accounts in the name of the Fund. The Custodian has put in place proper arrangements to ensure that the Custodian has taken into its custody or under its control the assets of the Fund, including assets deposited in the securities account and the RMB special deposit account with the Sub-Custodian and that the assets of the Fund are held by the Sub-Custodian as agent of the Trustee, for and on behalf of the Fund. The Investment Manager as the RQFII holder through the Custodian shall instruct the Sub-Custodian to execute all transactions with respect to the assets of the Fund in the securities account and the RMB account as well as other matters such as the repatriation of funds.

A Shares dealt on the Shanghai and Shenzhen stock exchanges are held in dematerialised form through the China Securities Depository & Clearing Corporation Limited (**CSDCC**). Instruments such as ELNs and P-Notes with indirect underlying exposure to A Shares which are purchased by the Fund are not recorded by the CSDCC. The underlying A Shares are credited to a security trading account maintained in the name the relevant RQFII, the licensed custodian bank of the relevant Quota and the Chinese securities trading house for the relevant Quota. The Fund's interest in such investments will not be recognised by CDSCC, the relevant licensed custodian bank or any PRC legal or regulatory body. Accordingly where the Fund gains access to A Shares through instruments such as ELN's and P-Notes the Fund's assets may not be as well protected as they would be if it were possible for them to be registered and held directly in the name of the Fund or by a custodian or nominee of the Fund.

7.15.5. **PRC Governmental, Economic and Related Considerations**

In addition to the general political and economic risks outlined above, it should be noted that although countries within the PRC have implemented a number of reforms to improve the investment framework for foreign investors to invest, there is no assurance that the reforms will continue to benefit the foreign investors. The Fund may be adversely affected by changes in the Chinese government policies which may include, among other things, changes in taxation, economic policy, investment restrictions on foreign investment and foreign currency conversion, repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Fund is exposed through its investments in certain assets.

7.15.6. **PRC Tax Risks**

The value of the Fund's direct and/or indirect investment in China A Shares through synthetic or financial derivative instruments (and hence the Net Asset Value and Redemption Price) will be affected by taxation levied against the relevant issuer of such synthetic or in respect of financial derivative instruments or such instruments themselves.

On 14 November 2014, the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the CSRC jointly issued a notice regarding the tax treatment of capital gains derived by QFIIs and RQFIIs. Under the notice, the MOF, SAT and CSRC granted a temporary exemption from tax on capital gains derived by QFIIs and RQFIIs from trading equity investments with effect from November 17, 2014. Although the notice states the exemption from tax on capital gains is temporary, no end date was provided.

Currently, a 10% PRC withholding tax rate is already imposed on dividends and interests obtained by a QFII and RQFII. Pursuant to the Notice on the Business Tax Policy on QFIIs, jointly issued by the MOF and the SAT, under the circumstance that QFII trusts domestic company to engage in securities trading business, business turnover (the difference between selling and buying price of securities) arising from trading of securities of QFIIs is exempted from business tax. The regulations relating to RQFII is still relatively new. There is no specific business tax regulation on RQFII at present, and the application of business tax on RQFII is still uncertain. This section on PRC taxation has been prepared on the interpretation of existing

PRC tax laws. However this advice is not free from qualification and hence the effective rate or rates of taxation borne by the Fund may be more or less than that indicated in such section. In addition, specific taxation laws and practices may develop with respect to QFIIs/RQFIIs and QFII Quotas/RQFII Quotas which may be more or less favourable than current laws and practices and/or the interpretation of such laws and practices by the Fund. The value of the Fund's investments in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or changes in the basis of taxation.

7.15.7. **Uncertainty as to PRC Capital Gains Tax**

Although the PRC tax authorities have provided some clarification on the PRC capital gain tax on the notice issued on 14 November 2014, investors should note that the tax exemption for QFII and RQFII is temporary with no specific end date provided. There is no assurance that QFIIs/RQFIIs would not be required to pay withholding income tax in the future and/or retrospectively.

This would cause the Net Asset Value of the Fund to fall if the taxes are imposed retrospectively. Past investors who have fully redeemed from the Fund will not be liable for tax.

7.15.8. **Liquidity and Exchange Controls**

Subject to certain limits imposed by SAFE, the repatriation of monies to the Fund from a QFII Quota//RQFII Quota or from the liquidation of an investment of the Fund does not require approval from SAFE.

At present, the Renminbi is a restricted currency and is not freely convertible. Conversion of Renminbi is often subject to approval from SAFE.

The Fund's exposure to QFII and/or RQFII investments will be denominated in RMB but its base currency is in US Dollars. Accordingly, a change in the value of RMB against US Dollars will result in a corresponding change in the Net Asset Value of the Fund. The Fund may not be able to hedge its foreign currency risks in RMB as the foreign exchange of RMB is restricted, such hedging if possible is likely to be an imperfect hedge in that it could involve hedging a currency that has historically been correlated to RMB and may be expensive. There can be no assurance that any hedging, particularly such imperfect hedging, will be successful and indeed could actually be counter-productive. Equally, failure to hedge RMB foreign currency risks may result in the Fund bearing the burden of exchange rate fluctuations.

7.15.9. **Effect of Investment Regulations on Redemptions**

The repatriation of invested capital and of income and capital gains from the PRC is subject to the Investment Regulations and the terms of various agreements between the Fund and its counterparties such as the financial institutions whose Quotas are used by the Fund to invest directly or indirectly in China. Upon the expiration of the term prescribed by the SAFE, a QFII may remit the investment principal and the investment proceeds abroad in instalments or by batches and a RQFII may remit the investment principal and the investment proceeds abroad, upon specific audit having been completed and any applicable tax paid for remittance of realised profits, but realised profits are assessed in respect of the QFII Quota and the RQFII Quota as a whole and the level of profitability of the QFII Quota and the RQFII Quota as a whole may bear little or no resemblance to the profitability of the Fund's investment activities. As for open-ended funds established by a QFII, based on the net of the offset balance of the subscription or redemption of the open-ended PRC fund, the custodian bank may handle the remittance and repatriation of funds on a daily basis. The accumulated repatriation funds per month for a QFII (including open-ended funds) cannot exceed 20% of the total assets of the fund in the PRC at the previous year-end. For the open-ended funds established by an RQFII, the custodian bank may handle the remittance and repatriation of funds every day, based on the subscription or redemption of the fund. An RQFII may remit the principal and the investment proceeds abroad either in RMB or in purchased foreign currency. The permitted remittance capital include proceeds from sales of securities, cash dividends, interest, as well as other funds which are allowed to be remitted abroad by the PBOC and the SAFE.

8. DIVIDEND POLICY

It is the present intention of the Directors not to declare or pay any dividend. Income earned will be reinvested and reflected in the value of the Units of the Fund.

9. KEY INFORMATION FOR BUYING AND SELLING

Base Currency

USD

Business Day

Any day other than a Saturday or Sunday or public holidays in Ireland on which retail banks are open for business in Ireland or such other day or days as the Manager may determine with the approval of the Trustee.

Classes of Units

Class A denominated in US Dollars
Class B denominated in US Dollars
Class C denominated in Euro (Hedged Unit Class)
Class D denominated in Singapore Dollars (Hedged Unit Class)

Dealing Day

Each Business Day or such other Business Day or Business Days as the Directors may designate from time to time as a Dealing Day, provided there are at least one Dealing Day per fortnight.

Dealing Deadline

In respect of a Dealing Day, means 5:00p.m. (Irish time) on the Business Day prior to the relevant Dealing Day or such other Business Day or time as the Directors may designate from time to time and notify to the Unitholders in advance. The Directors will only designate other Business Days or time as the Dealing Deadline on an exceptional basis provided that it is before the Valuation Point.

Initial Issue Price

Class C units - €100

Following the closing of the Initial Offer Period, the Issue Price shall be equal to the prevailing Net Asset Value per Class C Unit.

Class D units – S$100

Following the closing of the Initial Offer Period, the Issue Price shall be equal to the prevailing Net Asset Value per Class D Unit.

Initial Offer Period

In relation to the Class C Units and the Class D Units, the initial offer period will be 9.00 a.m. on 14 November 2017 to 5.00 p.m. on 17 November 2017 or such longer or shorter period as the Directors may determine and notify to the Central Bank.

After the Initial Offer Period, the Class C Units and the Class D Units will be continuously open for subscriptions at the relevant Net Asset Value per Unit on the relevant Dealing Day.

	US$ Class A Units	**US$ Class B Units**	**EURO Class C Units**	**SGD Class D**
Minimum Initial Subscription	US$100,000	US$1,000	€1,000	S$1,000

Minimum Additional Investment Amount	US$50,000	US$1,000	€1,000	S$1,000
Minimum Holding	US$100,000	US$1,000	€1,000	S$1,000

(subject to the discretion of the Manager to allow lesser amounts).

Preliminary Charge

Up to 5 % of the Initial Issue Price or of the issue price per Unit payable to the Manager or as it directs. The Manager may waive the Preliminary Charge in whole or in part.

Repurchase Charge

Up to 3% of the repurchase price per Unit payable to the Manager or as it directs. The Manager may waive the Repurchase Charge in whole or in part.

Exchange Charge

The Manager will allow up to 5 free switches between the Funds in the Trust. Thereafter there will be a charge of US$100 for each additional switch between Funds. The Manager may waive the Exchange Charge in whole or in part.

Settlement Date

In the case of applications within 3 Business Days of the relevant Dealing Day.

In the case of repurchases this date will be no more than ten Business Days after the relevant Dealing Deadline, on the receipt of completed repurchase documentation.

Minimum Fund Size

In the event that the Net Asset Value of the Fund at any time falls below USD10,000,000, the Fund may be liquidated by the Directors by giving written notice to all the Unitholders of the Fund.

Valuation Point

In respect of a Dealing Day, means the close of business in the last market relevant to the Fund on the Dealing Day or such other date and time as the Manager may with the consent of the Trustee designate as a "Valuation Point".

10. HOW TO BUY UNITS

Application for Units should be made on the Application Form and submitted in writing to the Administrator or sent by facsimile (with the original to follow as soon as practicable) to be received by the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. A subsequent Application Form from the same investor may be sent by facsimile to the Administrator.

Applications by facsimile will be treated as definite orders even if not subsequently confirmed in writing and no application will be capable of withdrawal after acceptance by the Administrator.

The Minimum Holding must be maintained by each investor in the Fund (subject to the discretion of the Manager) following any partial repurchase, exchange or transfer of Units.

Payment in respect of the issue of Units must be made by the relevant Settlement Date by electronic transfer in cleared funds in the Base Currency of the relevant Fund.

This section should be read in conjunction with the section entitled **"APPLICATIONS FOR UNITS"** in the Prospectus.

11. HOW TO SELL UNITS

Requests for the sale of Units should be submitted to the Administrator in writing or by facsimile (with the original to follow as soon as practicable). Requests received on or prior to a Dealing Deadline will be dealt with on the relevant Dealing Day. Repurchase requests sent by facsimile must be subsequently confirmed in writing. A repurchase request once given will not be capable of revocation without the consent of the Manager or the Investment Manager.

The amount due on the repurchase of Units of any class in the Fund will be paid by the Settlement Date by electronic transfer to an account in the name of the Unitholder. Payment of the proceeds of repurchase will only be paid if the Administrator has received the original duly signed completed application form together with all supporting documentation in accordance with the Trust's anti-money laundering procedure.

No Unitholder shall be entitled to realise only part of his holding of Units of any class in the Fund if such realisation would result in his holding of Units of such class after such realisation being below the Minimum Holding.

The Trust Deed contains special provisions where a repurchase request received from a Unitholder would result in more than 5 per cent of the Net Asset Value of Units in issue in the Fund being repurchased on any Dealing Day which provisions are summarised under **"Repurchase of Units"** in the Prospectus.

The Manager is entitled to limit the number of Units of the Fund repurchased on any Dealing Day to Units representing 50 per cent of the total Net Asset Value of Units of the Fund in issue on that Dealing Day or such other amount as they may in their absolute discretion determine, provided however, such other amount is not less than 10% of the total Net Asset Value of the Fund on that Dealing Day. The repurchases effected on that Dealing Day will be effected pro rata in the manner described under **"Repurchase of Units"** in the Prospectus.

This section should be read in conjunction with the section entitled **"UNIT DEALINGS REPURCHASE OF UNITS"** in the Prospectus.

12. CHARGES AND EXPENSES

Fees of the Manager, the Investment Manager, the Trustee, any sub-custodian, the Administrator and the Distributor.

The Manager will be entitled to receive out of the assets of the Fund an annual fee (plus VAT, if any) based on the Net Asset Value of the Fund as follows:

0.14% on the first US$150 million;
0.12% on the next US$250 million;
0.10% in excess of US$400 million.

This fee will accrue and be calculated on each Dealing Day and be payable monthly in arrears. The Manager's annual fee is subject to a minimum monthly fee of US$5,000 payable out of the assets of the Fund. The Manager will also be entitled to be paid out of the assets of the Fund its reasonable out of pocket costs and expenses incurred in the performance of its duties.

The Manager is responsible for the payment out of its fees, the fees and expenses of the Administrator and the Trustee. Sub-custody fees and expenses (which will be charged at normal commercial rates) shall be paid out of the assets of the Fund.

The Investment Manager will be entitled to be paid a management fee out of the assets of the Fund as follows:

The management fee for Class A Units will be equal to 1.25% per annum of the Net Asset Value;
The management fee for Class B Units will be equal to 1.80% per annum of the Net Asset Value;
The management fee for Class C Units will be equal to 1.80% per annum of the Net Asset Value; and
The management fee for Class D Units will be equal to 1.80% per annum of the Net Asset Value.

Such fees will be calculated as at each Dealing Day and payable quarterly in arrears in the Base Currency. The Investment Manager will not be entitled to be reimbursed out of the assets of the Fund for its out-of-pocket costs and expenses.

In addition to the management fee, the Investment Manager will be entitled to be paid out of the assets of the Fund an annual performance fee (the **Performance Fee**). The Performance Fee (if any) will be paid in arrears at the end of the relevant financial year in respect of the outperformance of the Fund against the Hurdle Rate. Any underperformance of the Net Asset Value per Unit against the Hurdle Rate in a financial year will be claimed back against outperformance in future financial years. The starting point for the calculation of the Performance Fee shall be reset after each Performance Fee Period in which a Performance Fee is payable (i.e. the Net Asset Value per Unit at which the Performance Fee for the relevant period was determined). The Performance Fee in respect of the first Performance Fee Period will be determined by the performance of the Fund starting at the Initial Issue Price. The Hurdle Rate in Year 1 is the Initial Issue Price per Unit multiplied by 8% per annum pro-rated in accordance with the length of the first Performance Fee Period. In subsequent years the Hurdle Rate will be the opening Net Asset Value per Unit for Performance Fee purposes multiplied by 8% per annum (the "**Hurdle Rate**").

For the avoidance of doubt, once the Hurdle Rate is achieved the Performance Fee is calculated on the return above the Hurdle Rate so that if the return exclusive of the Performance Fee is 9%, then the Performance Fee is limited to an amount equal to 20% of 1% (9% - 8%).The Performance Fee will accrue on a daily basis and will be paid annually at the end of the Performance Fee Period. The Performance Fee for Class A Units will be 20 per cent of the Fund's outperformance of the Hurdle Rate during the relevant period. No performance fee is payable on Class B Units, Class C Units and Class D Units.

A "Performance Fee Period" generally corresponds to the financial year of the Fund and will comprise each twelve-month period ending on 31 December in each year except in the case of the first Performance Fee Period which will begin on the close of the Initial Offer Period and end on 31 December 2010.

Where Performance Fees are payable by the Fund, these will be based on the net realised and net unrealised gains and losses as at the end of the Performance Fee Period. As a result, Performance Fees may be paid on unrealised gains which may never subsequently be recovered.

The Investment Manager may in its discretion elect to receive all or any part of the Performance Fee due from the Fund in the form of Units in the Fund as valued at the prevailing Net Asset Value per Unit, provided that such election is made prior to the end of the relevant Performance Fee Period. Save for the minimum subscription restrictions, these Units received in lieu of fees will be subject to all restrictions and terms applicable to the holders of Units.

In the event of redemption prior to the end of the relevant financial year, the performance fee may be computed up to the date of redemption and the Manager may be entitled to deduct from the redemption proceeds any performance fee payable to the Investment Manager in respect of the relevant period.

The calculation of the Performance Fee will be verified by the Trustee.

This section should be read in conjunction with the section entitled **"FEES AND EXPENSES"** in the Prospectus.