

OFFERING MEMORANDUM

IMPORTANT: If you are in any doubt about the contents of this Offering Memorandum, you should seek independent professional financial advice.

This Offering Memorandum is distributed on a confidential basis in connection with a private placing of the Shares in the Company, none of which will be issued to any person other than a person to whom a copy of this Offering Memorandum is provided. No person receiving a copy of this Offering Memorandum in any jurisdiction may treat the same as constituting an invitation to him, unless in the relevant jurisdiction such an invitation may lawfully be made to him without compliance with any registration or other legal requirements.

The Directors accept full responsibility for accuracy of the information contained in this Offering Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Offering Memorandum nor the offer, allotment or issue of Shares shall under any circumstances constitute a representation that the information contained in this Offering Memorandum is correct as of any time subsequent to the date of its publication. This Offering Memorandum may from time to time be updated. Prospective investors should ask the Manager or the Company if any supplements to this Offering Memorandum or any later Offering Memorandum has been issued.

UBS (CAY) Investment Fund SPC

(a segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Asset Management (Hong Kong) Limited
(MANAGER)

The contents of this Offering Memorandum are not to be construed as a recommendation or legal, investment, tax or other advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Shares and prospective investors should consult their professional advisers accordingly.

This Offering Memorandum is intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Shares. It is not to be reproduced in any form or manner nor is it to be distributed or disclosed to any other persons (other than professional advisers of the prospective investor).

No person is authorised to give any information or make any representation or warranty, express or implied, not contained in this Offering Memorandum and, if given or made, any such information or representation or warranty, express or implied, may not be relied upon as having been authorised by any person.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

June 2016

IMPORTANT INFORMATION

Reliance on Offering Memorandum

The Shares are offered solely on the basis of the information and representations contained in this Offering Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or the Directors. Neither the delivery of this Offering Memorandum nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date of this document.

Registration in the Cayman Islands

The Company has been registered as a regulated “mutual fund” with the Cayman Islands Monetary Authority (the “Authority”) under the terms of the Mutual Funds Law (as amended) of the Cayman Islands (the “Mutual Funds Law”) and accordingly is regulated pursuant to the Mutual Funds law. However, the Company is not required to be licensed or to employ a licensed mutual fund administrator since the minimum interest which may be subscribed by a prospective investor in the Company is greater than USD100,000. Accordingly the obligations of the Company are: (a) to file with the Authority prescribed details of this Offering Memorandum and any changes to it; (b) to file annually with the Authority accounts audited by an approved auditor; and (c) to pay a prescribed annual mutual fund fee.

As a regulated mutual fund the Company is subject to the supervision of the Authority and the Authority may at any time instruct the Company to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines being imposed on the Directors and may result in the Authority applying to the court to have the Company wound up.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of Directors, to appoint a person to advise the Company on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Company. There are other remedies available to the Authority including the ability to apply to the court for approval of other actions.

Structure

The Company is incorporated as a segregated portfolio company with limited liability in the Cayman Islands. A segregated portfolio company is permitted to create one or more segregated portfolios in order to segregate the assets and liabilities of the Company held within or on behalf of one segregated portfolio of the Company from the assets and liabilities of the Company held within or on behalf of any other segregated portfolio or the general assets of the Company (being the assets and liabilities of the Company which are not held within or on behalf of any segregated portfolio of the Company). Notwithstanding the segregation of assets and liabilities within portfolios, the Company is a single legal entity and no segregated portfolio constitutes a legal entity separate from the Company itself.

Restrictions on Distribution

The distribution of this Offering Memorandum and the offering of Shares may be restricted in certain jurisdictions. The information below is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

This Offering Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation. This Offering Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company, and should not be reproduced or used for any other purpose.

Australia: This Offering Memorandum is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (the “Corporations Act”) and does not constitute a recommendation to acquire, an invitation to apply for, an offer to apply for or buy, an offer to arrange the issue or sale of, or an offer for issue or sale of, any securities in Australia except as set out below. The Fund has not authorised nor taken any action to prepare or lodge with the Australian Securities & Investments Commission an Australian law compliant prospectus or product disclosure statement.

Accordingly, this Offering Memorandum may not be issued or distributed in Australia and the Shares may not be offered, issued, sold or distributed in Australia by the Manager, or any other person, under this Offering Memorandum other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act or otherwise.

This Offering Memorandum does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of Shares to a ‘retail client’ (as defined in section 761G of the Corporations Act and applicable regulations) in Australia.

Cayman Islands: No offer or invitation may be made to the public in the Cayman Islands to subscribe for the Shares. The Company does not intend to establish a place of business or otherwise intend to conduct business in the Cayman Islands.

Hong Kong: WARNING – The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice. This Offering Memorandum has not been registered by the Registrar of Companies in Hong Kong. The Company is a collective investment scheme as defined in the Securities and Futures Ordinance of Hong Kong (the “Ordinance”) but has not been authorised by the Securities and Futures Commission pursuant to the Ordinance. Accordingly, the Shares may only be offered or sold in Hong Kong to persons who are “professional investors” as defined in the Ordinance and any rules made under the Ordinance or in circumstances which are permitted under the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong and the Ordinance. In addition, this Offering Memorandum may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and the Shares may not be disposed of to any person unless such person is outside Hong Kong, such person is a “professional investor” as defined in the Ordinance and any rules made under the Ordinance or as otherwise may be permitted by the Ordinance.

Japan: The Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) and, accordingly, none of the Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a “Japanese person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

South Korea: Neither the Company nor the Manager is making any representation with respect to the eligibility of any recipients of this Offering Memorandum to acquire the Shares therein under the laws of South Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of South Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

People’s Republic of China: This Offering Memorandum does not constitute a public offer of the Company or the Shares, whether by sale or subscription, in the People’s Republic of China (the “PRC”). The Shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Offering Memorandum are required by the Company and its representatives to observe these restrictions.

Singapore: The offer or invitation of the Shares of Funds of the Company, which is the subject of this Offering Memorandum, does not relate to collective investment schemes which are authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under section 287 of the SFA. The Company and the Funds are not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and Shares are not allowed to be offered to the retail public. Each of this Offering Memorandum and any other document or material issued in connection with the offer or sale of Shares is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable for them.

This Offering Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3) (i) (B) of the SFA;
- (2) where no consideration is or will be given for the transfer;

- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulation 2005 of Singapore.

Switzerland: The collective investment schemes mentioned in this Offering Memorandum have not been and will not be approved by the Swiss Financial Market Supervisory Authority (FINMA) for distribution to non-qualified investors in or from Switzerland. Investors in Switzerland shall be aware that this Offering Memorandum is exclusively addressed to qualified investors pursuant to art. 10 para. 3, 3bis and 3ter CISA as well as art. 6 and 6a CISO. Addressees of this Offering Memorandum shall not pass it to anyone in any manner that might qualify as an activity of distribution to non-qualified investors.

The representative in Switzerland is UBS Fund Management (Switzerland) AG, Aeschenplatz 6, 4052 Basel. The paying agent in Switzerland is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich and its branches in Switzerland. The Offering Memorandum, the Memorandum and Articles of Association as well as the annual and (if available) semi-annual reports may be obtained free of charge from the representative in Switzerland. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative in Switzerland. The Manager and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular: Promoting and rendering the distribution of fund units, training client advisers and salespersons, organization of and participation in road shows, events and shows of all kinds in connection with the distribution of fund units, contacting potential investors, central relationship management and servicing of existing client relationships, responding to specific requests from investors regarding the investment product or the provider, produce and issue marketing and legal fund documents, provide administrative services of all kinds in connection with the distribution of fund units, brokering and processing subscription and redemption of fund units, subscribe units as a nominee for clients on behalf of the provider, appointment and monitoring of sub-distributors, performing due diligence delegated by the Provider in areas such as ascertaining client needs and distribution restrictions, instruction of the external auditors to verify compliance (by the fund provider) with the legal and self-regulatory obligations of the Distributor, such as in particular the SFAMA Guidelines for the Distribution of Collective Investment Schemes, operation and maintenance of electronic distribution platforms, central reporting for fund providers and distribution distributors, and providing administrative services of all kinds including fulfilment of the due diligence obligations in combating money laundering and the financing of terrorism in connection with the distribution of fund units.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In respect of distribution in or from Switzerland, the Manager and its agents do not pay any rebates to reduce the fees or costs incurred by the investor and charged to a respective Fund.

Taiwan: The Shares are being made available in Taiwan, the Republic of China (the “ROC”) on a private placement basis only to banks, bills houses, trust enterprises, financial holding companies and other qualified entities or institutions (collectively, “Qualified Institutions”) and other entities and individuals meeting specific criteria (“Other Qualified Investors”) pursuant to the private placement provisions of the ROC Rules Governing Offshore Funds. No other offer or sale of the Shares in the ROC is permitted. ROC purchasers of the Shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the ROC Financial Supervisory Commission.

United States: The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or the securities laws of any of the states of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “US Person” except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws.

The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and Section 4(a)(2) thereof.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the 1933 Act and applicable state securities laws pursuant to registration or exemption therefrom.

The Shares are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Company does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The investment programme of the Company or a Fund, by its nature, may be considered to involve a substantial degree of risk. Subscribers for Shares must represent that they are acquiring the Shares for investment.

Offering materials for the offering of the Shares have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory

authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

This Offering Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company, and should not be reproduced or used for any other purpose.

The Shares are not being directly or indirectly offered or placed at the initiative of the Manager or on behalf of the Manager to or with persons in Europe. Accordingly, the distribution of this Offering Memorandum and the offering of Shares is not being made in Europe.

Risk Factors

Investment in the Company carries substantial risk. There can be no assurance that the investment objective of any segregated portfolio of the Company will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in the Shares is suitable for them in light of their circumstances and financial resources (see further under “Risk Factors”). If you are in any doubt about the contents of this document you should consult your stockbroker, accountant or other professional adviser.

DIRECTORY

UBS (CAY) Investment Fund SPC

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Markus EGLOFF
Glen LEE
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Cayman Islands

Administrator's Delegate and Custodian (of investments and uninvested cash of the Company outside of the PRC)

**HSBC Institutional Trust Services (Asia)
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Auditors to the Company

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DEFINITIONS

In this Offering Memorandum the following capitalised terms have the following meanings (unless the context otherwise requires):

“1933 Act”	the United States Securities Act of 1933, as amended.
“1940 Act”	the United States Investment Company Act of 1940, as amended.
“Administration Fee”	the administration fee payable by the Company to the Administrator in respect of a Fund, details of which are set out in the relevant Appendix.
“Administrator”	HSBC Trustee (Cayman) Limited.
“Administrator’s Delegate”	HSBC Institutional Trust Services (Asia) Limited.
“Appendix”	an appendix to this Offering Memorandum containing information in respect of a particular Fund.
“Articles”	the Memorandum and Articles of Association of the Company.
“Auditors”	as defined on page 61.
“AUD” or “Australian dollar”	the lawful currency of the Commonwealth of Australia.
“Authority”	the Cayman Islands Monetary Authority.
“Business Day”	unless otherwise specified in the relevant Appendix, any day (other than Saturday and Sunday) on which banks and securities exchanges are open for normal business in the PRC and Hong Kong and/or such date or dates as the Directors may from time to time determine provided that where, as a result of a number 8 typhoon signal, black rainstorm warning or similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors otherwise determine.
“Calculation Period”	in respect of any Fund, a calculation period as specified in the relevant Appendix.
“CFTC”	the Commodity Futures Trading Commission of the United States.
“CHF” or “Swiss francs”	the lawful currency of Switzerland.
“Class”	a class of ordinary participating shares in the Company attributable to a particular Fund.
“Class Account”	a class account as defined on page 26.
“Code”	the United States Internal Revenue Code of 1986.
“Company” or “UBS (CAY)”	UBS (CAY) Investment Fund SPC.

Investment Fund”

“connected person”

in relation to a company means:

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

“Custodian”

HSBC Institutional Trust Services (Asia) Limited in its capacity as the custodian of the investments and uninvested cash of the Company outside of the PRC.

“Custodian Fee”

the custodian fee payable by the Company to the Custodian in respect of a Fund, details of which are set out in the relevant Appendix.

“Dealing Day”

in respect of each Class, the days on which Shares of that Class may be subscribed or redeemed, as specified in the relevant Appendix.

“Directors”

the members of the board of directors of the Company for the time being and any duly constituted committee of the relevant board and any successors to such members as may be appointed from time to time.

“Dodd-Frank Act”

the United States Dodd-Frank Wall Street Reform and Consumer Protection Act.

“ERISA”

the United States Employee Retirement Income Security Act of 1974, as amended.

“EUR” or “Euro”

the official currency of the Eurozone.

“FATCA”

means one or more of the following, as the context requires:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, commonly referred to as the US Foreign Account Tax Compliance Act, the Common Reporting Standard (the “CRS”) issued by the Organisation for Economic Cooperation and Development (the “OECD”), when adopted, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes;
- (b) any intergovernmental agreement, treaty or any other

arrangement between the Cayman Islands and any of the United States, the United Kingdom or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in paragraph (a); and

- (c) any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs.

“Founder Shares”	shares of par value RMB1.00 in the Company issued as Founder Shares.
“Fund”	a segregated portfolio established and maintained in accordance with the Articles, details of which are set out in an Appendix.
“Fund Assets”	the assets of the Company held within or on behalf of any Fund.
“Fund Servicing Fee”	the fund servicing fee which may be payable by the Company to the Manager in respect of a Fund, details of which are set out in the relevant Appendix.
“General Assets”	any assets of the Company which are not Fund Assets.
“HKD” or “Hong Kong dollar”	the lawful currency of Hong Kong.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board.
“Ineligible Applicant”	an ineligible applicant as described on page 19.
“Initial Issue Price”	in relation to any Class during the Initial Offer Period, the price at which Shares are first offered for subscription, as specified in the relevant Appendix.
“Initial Offer Period”	in relation to any Class, the period determined by the Directors during which Shares of that Class will be offered for subscription at the Initial Issue Price, as specified in the relevant Appendix.
“Intertrust”	Intertrust Fund Services (Cayman) Limited.
“Investment Manager”	any investment manager of a Fund appointed by the Manager.
“IRS”	the United States Internal Revenue Service.
“JPY” or “Japanese Yen”	the lawful currency of Japan.
“Legal Adviser”	as specified on page iv.
“Macau”	the Macau Special Administrative Region of the People’s

Republic of China.

“Management Fee”	the management fee payable by the Company to the Manager in respect of a Fund, details of which are set out in the relevant Appendix.
“Manager”	UBS Asset Management (Hong Kong) Limited.
“Minimum Holding”	in relation to any Class, the amount or number of Shares (if any) specified as such in the relevant Appendix.
“Mutual Funds Law”	the Mutual Funds Law (as amended) of the Cayman Islands.
“Net Asset Value”	the net asset value of the Company, a Fund or a Class Account, as the case may be, determined in accordance with the Articles.
“Net Asset Value per Share”	the Net Asset Value of the relevant Class Account divided by the number of Shares of the relevant Class in issue or deemed to be in issue.
“Non-United States Person”	<p>means:</p> <ul style="list-style-type: none">(a) a natural person who is not a resident of the United States,(b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction,(c) an estate or trust, the income of which is not subject to United States income tax regardless of source,(d) an entity organised under the laws of a non-US jurisdiction principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity and that such entity was not formed principally for the purpose of facilitating investment by persons which do not qualify as Non-United States Persons in a commodity pool with respect to which the commodity pool operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States Persons, and(e) a pension plan for employees, officers or principals of an entity organised and with its principal place of business outside the United States.
“Performance Fee”	the performance fee payable by the Company to the Manager in respect of a Fund (if any), details of which are set out in the relevant Appendix.

“PRC” or “China”	the People’s Republic of China excluding (for the purposes of interpretation) Hong Kong, Macau and Taiwan.
“PRC Custodian”	in respect of a Fund which invests onshore PRC securities, a custodian of such Fund’s investments and uninvested cash in the PRC, details of whom are set out in the relevant Appendix.
“RMB” or “Renminbi”	the lawful currency of the PRC.
“Redemption Price”	the price per Share at which Shares are redeemed, calculated in the manner described in the relevant Appendix.
“SEC”	the US Securities and Exchange Commission.
“Service Providers”	the Manager, each Investment Manager, the Administrator, the Administrator’s Delegate, the Custodians, the Auditors, the Legal Advisers and the registered office service provider, each of which provides services to the Company, in respect of all or certain Funds.
“SFC”	the Securities and Futures Commission of Hong Kong.
“SFO”	the Securities and Futures Ordinance (Cap 571) of Hong Kong.
“SGD” or “Singapore dollar”	the lawful currency of the Republic of Singapore.
“Shareholder”	a person recorded as a holder of Shares in the Company’s register of shareholders.
“Shares”	ordinary participating shares of par value RMB0.01, RMB10, RMB0.00001, USD0.01 or EUR0.01, as the case may be, in the Company.
“Side Letter”	a separate agreement or arrangement with a Shareholder as defined on page 44.
“Subscription Price”	the price per Share at which Shares may be issued after the close of the relevant Initial Offer Period, calculated in the manner described in the relevant Appendix.
“Taiwan”	Taiwan, the Republic of China.
“United States” or “US”	the United States of America (including the states and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.
“US Person”	<p>a person who is included in the definition of “US Person” under Rule 902 of Regulation S under the 1933 Act and excluded from the definition of a Non-United States Person.</p> <p>(a) A “US Person” under Rule 902 of Regulation S under the 1933 Act generally includes the following: (i) any natural person resident in the United States; (ii) any partnership or corporation organised or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a US person; (iv) any trust of which any</p>

trustee is a US person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or (viii) any partnership or corporation if: (A) organised or incorporated under the laws of any non-US jurisdiction; and (B) formed by a US person principally for the purpose of investing in securities not registered under the 1933 Act unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

- (b) Notwithstanding (a) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "US person".
- (c) Notwithstanding (a) above, any estate of which any professional fiduciary acting as executor or administrator is a US person shall not be deemed a "US person" if: (i) an executor or administrator of the estate who is not a US person has sole or shared investment discretion with respect to the assets of the estate; and (ii) the estate is governed by non-US law.
- (d) Notwithstanding (a) above, any trust of which any professional fiduciary acting as trustee is a US person shall not be deemed a "US person" if a trustee who is not a US person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US person.
- (e) Notwithstanding (a) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US person".
- (f) Notwithstanding (a) above, any agency or branch of a US person located outside the United States shall not be deemed a "US person" if: (i) the agency or branch operates for valid business reasons; and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

- (g) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “US persons”.

“USD” or “US dollar”

the lawful currency of the United States.

“Valuation Day”

unless otherwise specified in the relevant Appendix, each Dealing Day and/or such other day or days as the Directors may from time to time determine.

“Valuation Point”

the close of business in the last relevant market to close on each Valuation Day or such other time on each Valuation Day as the Directors may from time to time determine.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The specific investment objective of each Fund is set out in the relevant Appendix. There can be no assurance that a Fund will achieve its investment objective.

Investment approach

The Company in respect of each Fund has maximum flexibility to invest in a wide range of instruments including, but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures (including index futures), forwards (including non-deliverable forwards), options, warrants, swaps and other derivative instruments. Derivative instruments may be exchange-traded or traded over-the-counter. The Company in respect of each Fund may engage in short sales, margin trading, hedging and other investment strategies. The Company may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to the investment objective.

The specific investment approach of each Fund and any applicable investment restrictions are set out in the relevant Appendix.

Currency hedging

The Manager may seek to hedge the currency exposure of any Fund to currencies other than the base currency through the use of spot and forward foreign exchange contracts or other methods of reducing exposure to currency fluctuations.

Borrowing and leverage

When deemed appropriate, the Company may in respect of each Fund employ borrowing and/or leverage including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions and repurchase agreements (in which leverage may be embedded). The Company may pledge assets as security for borrowings. The use of leverage by the Company in respect of a Fund will increase the risk of an investment in such Fund.

Investment restrictions

The Articles do not contain any restrictions in respect of the investment of assets of the Company or any Fund. However, as a matter of policy, the Directors may adopt investment restrictions in respect of a particular Fund. Details of any investment restrictions applicable to a Fund are set out in the relevant Appendix.

Authorisation by the SFC

The Company may seek authorisation of the Company and any Fund by the SFC pursuant to Section 104 of the SFO. If a Fund is authorised by the SFC, such authorisation of the Fund will be reflected in the relevant Appendix. Where such authorisation is sought in respect of the Company and/or any Fund, any changes as may be required by the SFC for the purposes of authorisation may be made to the Articles, this Offering Memorandum, any Appendix and/or the investment objective, approach or restrictions relating to any Fund, and affected Shareholders will be given at least one month's prior notice in writing before such changes are implemented.

Listing on a stock exchange

The Company may seek to list any Fund or any Class on the Irish Stock Exchange or any other stock exchange without approval of Shareholders.

MANAGEMENT AND ADMINISTRATION

The Manager

UBS Asset Management (Hong Kong) Limited has been appointed as the Manager to manage and invest the assets of the Company and each Fund.

The Manager was appointed pursuant to a management agreement with the Company (the “Management Agreement”). Under the Management Agreement, the Manager has agreed to manage and invest the assets of each Fund on a discretionary basis, in pursuit of the investment objective and in accordance with the investment approach and restrictions described in the relevant Appendix, subject to the control and review of the Directors.

The Manager was incorporated with limited liability in Hong Kong on 9 April 1992. The Manager is licensed for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities by the SFC under the SFO with CE number AGP568. The Manager is subject to the regulatory supervision of the SFC, 35/F, Cheung Kong Centre, 2 Queen's Road Central, Hong Kong (Tel: (852) 2231 1222). The Manager is part of the Asset Management Business Division of the UBS Group AG. The directors of the Manager are John BRADSHAW, Xinyuan LING, René BUEHLMANN and Julie KOO.

- **John BRADSHAW**

John Bradshaw is a Managing Director of UBS Asset Management which he joined in April 2012. From 2005 to 2012, he worked at UBS Investment Bank running the Asian Tactical Trading Team for the segregated proprietary trading team called “The Fundamental Investment Group”. Most of this time was spent in Hong Kong before moving to Singapore in 2011. From 2001 to 2005, Mr Bradshaw was the Head of the Cash Equity Trading team for UBS Investment Bank which involved facilitating client business, trading a proprietary trading book as well as managing a team of seven people across Hong Kong/London and New York. Prior to his move to Hong Kong in 2001, Mr Bradshaw was based in London as a UK Equity trader.

Mr Bradshaw has three A level examinations and in 1991 joined SG Warburg's training program directly after leaving school.

- **Xinyuan LING**

Xinyuan Ling, as Chairman of China for UBS Asset Management, has overall responsibility for developing the China business of UBS Asset Management. Mr Ling joined UBS Investment Bank in 2007 as Head of Strategy Development for China and joined UBS Asset Management in his current role in November 2009.

He has diverse experience in China's financial industry. As Chairman of the former Beijing Securities Co. Ltd. (now UBS Securities) from 2004 to 2006, he led the restructuring of the business for the successful acquisition by UBS. In addition from 2002 to 2007, Mr Ling was the Chairman of China Asset Management Co. Ltd. His prior roles include seven years as Executive Vice President of China Securities Co. Ltd. and six years as President Assistant to both Sino Steel and China Metallurgical Import & Export Co.

He began his career as Assistant Manager at the Overseas Investment Department at Beijing International Trust and Investment Corporation. Mr Ling holds a Bachelor of Arts degree from Beijing Foreign Language University and a EMBA from China Europe International Business School.

- **René BUEHLMANN**

René Buehlmann became Head of Asset Management Asia Pacific in July 2014. He has responsibility for managing and developing the Asset Management business in the region across segments and distribution channels. Mr Buehlmann is a member of the UBS Asset Management Executive Committee and the UBS Group APAC Executive Committee. Mr Buehlmann was previously Global Head Investment Funds and Head Investment Products & Services Hong Kong for UBS Wealth Management.

He moved to Asia in 2005 to support UBS Wealth Management's expansion in the region and held various leadership roles with Investment Products & Services in Asia covering the full UBS product range, including Investment, Advisory, Wealth Planning and Lending Solutions. Prior to this, Mr Buehlmann held global functional responsibility for the Lending business in UBS Wealth Management, providing financing for liquidity, single stock and leveraged investment solutions to wealthy private individuals and corporates. He spent four years in New York as Head of Lending Products Americas.

Mr Buehlmann began his career in Corporate Banking as a Client Advisor and later as Recovery Manager for distressed Debts and Assets with UBS in Switzerland.

- **Julie KOO**

Julie Koo joined UBS Asset Management (Hong Kong) Limited in April 2015 as Managing Director, Head of Institutional Distribution, Asia Pacific. In this capacity, she is responsible for driving the institutional sales strategy, leading the institutional sales, client service and marketing efforts as well as providing investment and service advice to institutional investors in the Asia Pacific region. Ms Koo is a member of the UBS Asset Management Asia Pacific Management Risk Committee, UBS Asia Pacific Client Committee, UBS Hong Kong Management Risk Committee, and UBS Asset Management (Hong Kong) Limited Board. Between 2010 and April 2015, Ms Koo was Managing Director at HSBC Global Asset Management, where she was Head of Institutional Business, Asia Pacific. Ms Koo holds a Bachelor of Arts degree from Arts Mount Holyoke College (US).

The Manager may delegate any of its powers under the Management Agreement to any other person or persons as the Manager considers appropriate, either generally in respect of the Company or specifically in respect of any Fund.

The Manager may appoint and delegate discretionary management responsibilities to an affiliated or unaffiliated Investment Manager in respect of any Fund. The Manager may also appoint an affiliated or unaffiliated investment adviser in respect of any Fund. The Manager will be responsible for the fees of any Investment Manager or investment adviser it appoints. Details of any Investment Manager or investment adviser appointed in respect of a Fund will be set out in the relevant Appendix. There may be a conflict of interest in respect of the Manager when determining to appoint an affiliated Investment Manager or investment adviser.

In respect of any Fund which may be authorised by the SFC, the Manager will conduct on-going supervision and regular monitoring of the competence of any delegate to whom investment management discretion has been delegated, to ensure that the Manager's accountability to investors is not diminished, and although the investment management role of the Manager may be sub-contracted to third parties, the responsibilities and obligations of the Manager may not be delegated.

Subject to applicable law, the Manager (and/or its directors, employees, shareholders, related entities and connected persons) may subscribe, directly or indirectly, for Shares.

The Company has authorised the Manager to disclose information relating to the Company's portfolio to potential investors in the Company, subject to such investors agreeing not to disclose such information to any third party.

The Directors

Directors' functions

The Directors are responsible for the overall management and control of the Company. The Directors will review the operations and investment performance of the Company at regular meetings. For this purpose, the Directors will receive periodic reports from the Manager detailing the performance of the Company and providing an analysis of its investment portfolio. The Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

Directors of the Company

- **Markus EGLOFF**

Markus Egloff has joined UBS Asset Management as of 1 August 2015 and is responsible for the Wholesale Distribution in Hong Kong and Singapore and for the UBS Wealth Management Distribution in Asia-Pacific. Prior to joining UBS Asset Management he spent nineteen years with UBS Wealth Management in various product, sales and client functions. Markus relocated from Switzerland to Hong Kong in 2006 and was heading the Sales Management Function for UBS Wealth Management in Asia Pacific. Most recently he was the Chief of Staff for UBS Wealth Management in Hong Kong responsible for strategy, operations and risk management.

Mr Egloff graduated with a degree from the University of Applied Sciences in Zurich.

- **Glen LEE**

Glen Lee joined UBS in 2012 and is currently the head of the distribution sales team at UBS Asset Management (Singapore) Ltd and is responsible for business development in South East Asia. Prior to joining UBS, Mr Lee spent five years working for BNP Paribas Investment Partners in Singapore and before that he spent two years working for AIG Investments. Before joining the asset management business, he was a relationship manager liaising with high net worth individuals in the consumer banking sector.

Mr Lee holds a Bachelor of Engineering from the National University of Singapore and is a member of the Chartered Financial Analyst Institute of Singapore.

- **Jonathan HERRICK**

Jonathan Herrick is the Head of Capital Markets Americas of the Intertrust group of companies based in New York. Mr Herrick provides director and related administration services to alternative investment funds, special purpose vehicles and holding companies in the British Virgin Islands, Cayman Islands, Delaware, Dubai, Hong Kong and Ireland. Mr Herrick first joined Intertrust in the Cayman Islands on its acquisition of Walkers Management Services ("WMS"), where he had been, and continued to be, a Senior Vice President heading up the SPV Services Group. Prior to working with WMS, Mr Herrick spent eight years with Morgan Stanley, most recently as the Head of the Distressed Debt Documentation Group and the trading desk lawyer for the Corporate Credit Group in New York. Prior to that, Mr Herrick was in-house counsel at Morgan Stanley, first in Tokyo and then in New York, providing legal coverage and advice to a broad range of fixed income and equity businesses. Mr Herrick received his LLB from the University of Bristol, England. Mr

Herrick is a member of the New York bar and is qualified as a (non-practicing) solicitor in England and Wales. Mr Herrick is a member of the Cayman Islands Directors Association (CIDA).

Administrator and Administrator's Delegate

HSBC Trustee (Cayman) Limited has been appointed as the administrator of the Company and each Fund.

The Administrator was incorporated as an exempted company in the Cayman Islands on 10 November 1981. It is licensed as an unrestricted trust company under the Banks and Trust Companies Law (as amended) of the Cayman Islands, as well as being licensed as a mutual fund administrator under the Mutual Funds Law (as amended).

The Administrator is responsible for the general administration of the Company and each Fund which includes keeping the register of Shareholders, arranging for the issue and redemption of Shares, the calculation of asset valuations and fees and administration of uninvested cash and providing money anti-money laundering services to the Company. The Administrator will also act as registrar to the Company and each Fund.

The Administrator is entitled to be indemnified by the Company against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, gross negligence or wilful default on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

The Administrator in no way acts as guarantor or offeror of the Company's Shares or any underlying investment. The Administrator is a service provider to the Company and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Company or any Fund. The Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by the Company or any Fund or any investors in the Company or any Fund as a result of any failure by the Company or the Manager, as the case may be, to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines. The Administrator will not participate in transactions or activities or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions of the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury.

The Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of (i) any act or omission of any person prior to the commencement date of the Administration Agreement, (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Administrator by any third party service provider, and (iii) any inaccuracy, error or delay in information provided to the Administrator by or for the Company, the Manager or the relevant Fund or any person associated with, or appointed by any of them, which may include an Investment Manager and/or investment adviser appointed by the Manager, (including any broker, market maker or intermediary). The Administrator shall not otherwise be liable for any loss to the Company or any other person unless direct loss is sustained as a result of its fraud, gross negligence or wilful default.

The Administrator is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales. The HSBC Group is one of the largest banking and financial services organisations in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

The appointment of the Administrator may be terminated by not less than 90 days' notice in writing (or such shorter notice as the parties may agree).

Under the terms of the Administration Agreement, the Administrator is able to delegate certain of its functions and duties to the Administrator's affiliates. The Administrator has accordingly delegated certain of its functions and duties to HSBC Institutional Trust Services (Asia) Limited as Administrator's Delegate apart from the keeping of the register of Shareholders which will be maintained in the Cayman Islands by the Administrator.

None of the Administrator, the Administrator's Delegate nor any of their respective delegates, employees or agents are or will be directly involved in the business affairs, organisation, sponsorship or investment management of the Company or any Fund; nor responsible for the preparation or issue of this Offering Memorandum other than the description above.

Custodian

HSBC Institutional Trust Services (Asia) Limited has been appointed as the custodian of the investments and uninvested cash of the Company (including such Fund or Funds as may from time to time be established) outside of the PRC which are delivered to and accepted by the Custodian. Any investments and uninvested cash of any Fund within the PRC will be held by a PRC Custodian. The duty of the Custodian and each PRC Custodian will be to safeguard the relevant investments and uninvested cash of the Company (including the cash attributable to such Fund or Funds as may from time to time be established).

The Custodian was incorporated in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance in Hong Kong, and approved by the Mandatory Provident Fund Scheme Authority to provide trustee services. The Custodian is subject to the regulatory supervision of the SFC, 35/F, Cheung Kong Centre, 2 Queen's Road Central, Hong Kong (Tel: (852) 2231 1222).

The Custodian is entitled to be indemnified by the Company from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Custodian or any agent, sub-custodian or delegate appointed by it and for which it would be liable under the Custodian Agreement) which may be imposed on, incurred by or asserted against the Custodian in performing its obligations or duties.

In performing its duties, the Custodian may, at the expense of the Company, appoint such agents, sub-custodians and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (in each case with the power of sub-delegation). The Custodian will be liable for the acts and omissions of such agents, sub-custodians and delegates as if such acts or omissions were the acts or omissions of the Custodian, except in respect of certain emerging markets notified to the Company. The Custodian will not (except in circumstances provided in the Custodian Agreement) be responsible for any loss suffered by the Company by reason of liquidation, bankruptcy or insolvency of any agent, sub-custodian or delegate but will use reasonable endeavours to recover any property held by such person, and recover any losses or damages suffered by the Company as a direct consequence.

The Custodian will not be responsible for any cash, securities and/or other assets of the Company which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for (i) any cash, securities and/or other assets placed with co-custodians, prime brokers, brokers or any other party outside the Custodian's global custodian network or (ii) any cash placed in any account with any bank or financial institution which is not in the name of the Custodian. In addition, the Custodian will not be responsible for any investment or cash of the Company or any Fund held in the PRC, which will be held by a PRC Custodian.

In respect of a Fund which is authorised by the SFC, the Custodian will take reasonable care to ensure that the investment and borrowing limitations applicable to such Fund are complied with; subject to the foregoing, the Custodian is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines

of the Company. The Custodian will not participate in transactions or activities or make any payments denominated in US dollars, which, if carried out by a US Person, would be subject to sanctions by OFAC of the US Department of the Treasury.

The appointment of the Custodian may be terminated by not less than 90 days' notice in writing (or such shorter notice as the parties may agree), subject to any approvals imposed by applicable law or regulation. In the event that the Company and any Fund are and remain authorised by the SFC, termination of the appointment of the Custodian will be subject to the prior approval of the SFC.

Neither the Custodian nor any of its delegates, employees or agents are or will be directly involved in the business affairs, organisation, sponsorship or investment management of the Company; nor responsible for the preparation or issue of this Offering Memorandum other than the description above.

SUBSCRIPTIONS

A summary of the Shares being offered is set out in the table below.

Shares	Eligibility	Smallest Tradeable Unit	Initial Issue Price
Class A Shares Class A-mdist Shares Class A-qdist Shares	Available to all investors	0.001	Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.
Class F Shares	Available to UBS AG or one of its subsidiaries. The Class F Shares may only be acquired by UBS AG or one of its subsidiaries for their own account or as part of discretionary asset management mandates concluded with UBS AG or one of its subsidiaries. In the latter case, the Class F Shares will be returned to the Company at the prevailing Net Asset Value at no charge upon termination of the mandate.	0.001	Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.
Class K-1 Shares Class K-1-mdist Shares Class K-1-qdist Shares	Available to all investors	0.1 or 0.001	Unless the Company decides otherwise, the initial issue price of these shares amounts to AUD 5 million, CAD 5 million, CHF 5 million, CZK 100 million, EUR 3 million, GBP 2.5 million, HKD 40 million, JPY 500 million, NZD 5 million, PLN 25 million, RMB 35 million, RUB 175 million, SEK 35 million, SGD 5 million or USD 5 million.
Class Q Shares	Available for distribution pursuant to UBS AG	0.001	Unless the Company decides otherwise, the

Class Q-mdist Shares	advisory and/or discretionary agreements in Switzerland only; or		initial issue price of these shares amounts to AUD 100, CAD 100, CHF 100, CZK 2,000, EUR 100, GBP 100, HKD 1,000, JPY 10,000, NZD 100, PLN 500, RMB 1,000, RUB 3,500, SEK 700, SGD 100 or USD 100.
Class Q-qdist Shares	Admission of investors in further distribution countries shall be decided by the Directors at their sole discretion and disclosed on www.ubs.com/funds .		

Initial fee

An initial fee may be payable by applicants when subscribing for Shares. Details of any initial fee payable in respect of any Class are set out in the relevant Appendix.

Initial offer

Shares are available for subscription during the relevant Initial Offer Period at the Initial Issue Price. Unless specified in the relevant Appendix, there is no minimum aggregate subscription required to launch any Fund.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period, Shares will be available for subscription at the relevant Subscription Price on each Dealing Day.

Notwithstanding any provision in any Appendix, the Directors, in consultation with the Manager, may at any time determine to close the Company, a Fund or any Class to new subscriptions, either for a specified period or until they otherwise determine and either in respect of all investors or new investors only.

Procedure

Unless otherwise specified in the relevant Appendix, the following procedures will apply to all applications for Shares.

Applicants for Shares during an Initial Offer Period must complete a subscription application and send it to the Administrator's Delegate so as to be received by no later than 6.00 pm (Hong Kong time) on the last Business Day of the relevant Initial Offer Period, or such later time or date as determined by the Manager. Cash subscription monies must be sent by wire transfer, net of bank charges, so that cleared funds are received in the Company's account by no later than 11.59 pm (Hong Kong time) on the last Business Day of the relevant Initial Offer Period, or such later time or date as determined by the Manager.

After the relevant Initial Offer Period, applicants for Shares and Shareholders wishing to apply for additional Shares must complete a subscription application and send it to the Administrator's Delegate so as to be received by no later than 6.00 pm (Hong Kong time) on the relevant Dealing Day, and any subscription application received after this time will be held over to the next following Dealing Day. Cash subscription monies must be sent by wire transfer, net of bank charges, so that cleared funds are received in the Company's account by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. Subscription applications may be sent by facsimile, provided the original is then promptly forwarded to the Administrator's Delegate. Applicants should note that none of the Company, the Administrator, the Administrator's Delegate,

the Manager, either Investment Manager, or any of their duly appointed agents will accept any responsibility for any loss caused as a result of the illegibility or non-receipt of any subscription application sent by facsimile or for any loss caused in respect of any action taken as a consequence of instructions believed in good faith to be signed by and originated from properly authorised persons.

Applicants may apply for Shares through a distributor appointed by the Company. Distributors may have different dealing procedures, including earlier cut-off times for receipt of subscription applications and/or cleared funds. Applicants who intend to apply for Shares through a distributor should consult the distributor for details of the relevant dealing procedures. Where an applicant applies for Shares through a distributor, the Company will treat the distributor (or its nominee) as the applicant. The distributor (or its nominee) will be registered as holder of the relevant Shares. The Company will not be responsible for any arrangements between the relevant applicant and the distributor regarding the subscription for and redemption of Shares or any related matters.

Upon receipt by the Administrator's Delegate of a duly completed subscription application by the applicable time referred to above on a Dealing Day, Shares will be issued at the relevant Subscription Price on that Dealing Day. Subscription monies must be paid by the applicant in cleared funds in full no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the relevant Fund, and the Manager may require the applicant to pay to the Company, for the account of the relevant Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription monies in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time. Subject to this and unless otherwise indicated in the relevant Appendix, Shares are deemed to be issued immediately on the close of the Initial Offer Period and subsequently on the relevant Dealing Day.

Fractions of Shares will, if necessary, be issued (rounded up to 3 decimal places unless otherwise specified in the relevant Appendix).

All subscription monies must originate from an account held in the name of the applicant. No third party payment will be permitted. Interest on subscription monies will accrue to the Company.

The Company may reject any application in whole or part and without giving any reason for doing so. In the event of an application being rejected, the amount paid on application or the balance thereof, as the case may be, will be returned (without interest) as soon as practicable in RMB or the currency of subscription, as applicable at the risk and cost of the applicant.

Once a completed subscription application has been received by the Company it is irrevocable. Written confirmation detailing the Shares which have been issued will be sent to successful applicants as soon as practicable after the last day of the Initial Offer Period or the relevant Dealing Day, as the case may be.

Minimum investment

The minimum initial investment per applicant and the minimum amount of additional subscription in respect of a Fund is set out in the relevant Appendix.

Anti-dilution levy

Where in respect of a Dealing Day net subscription for Shares of a Fund (including exchanges of Shares of another Fund for Shares of the relevant Fund) exceeds a specified percentage of the relevant Fund's Net Asset Value prior to such subscription, the Manager may in its discretion impose an anti-dilution levy of a percentage of the value of each applicant's subscription(s) or exchange(s) on the relevant Dealing Day. Details of any anti-dilution levy will be specified in the relevant Appendix.

An anti-dilution levy is intended to reflect the costs incurred by the Fund in purchasing additional portfolio securities. Any anti-dilution levy will be retained by the relevant Fund. The purpose of any anti-dilution levy is to protect existing Shareholders from bearing the costs of such subscriptions or exchanges.

Ineligible Applicants

Each applicant for Shares will be required to represent and warrant to the Company that, amongst other things, it is able to acquire and hold Shares without violating applicable laws.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise incur or suffer, or would result in the Company being required to register under any applicable US securities laws.

Shares may not be issued or transferred to any US Person. Shares will not be sold to any "Benefit Plan Investor", as defined under Section 3(42) of ERISA, and any regulations promulgated thereunder, including, but not limited to: (i) an "employee benefit plan" that is subject to the provisions of Title I of ERISA; (ii) a "plan" that is not subject to the provisions of Title I of ERISA, but that is subject to the prohibited transaction provisions of Section 4975 of the Code, such as individual retirement accounts and certain retirement plans for self-employed individuals; or (iii) a pooled investment fund whose assets are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder because "employee benefit plans" or "plans" hold 25% or more of any class of equity interest in such pooled investment fund.

Each applicant for Shares will be required to warrant that it has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Company, is aware of the risks inherent in investing in the assets in which the Company will invest and the method by which these assets will be held and/or traded, and can bear the loss of its entire investment in the Company. Any transferee of Shares will be required to warrant in like terms before any transfer is registered.

Subject as mentioned above and under "General and Statutory Information" below, Shares are freely transferable.

Form of Shares

All the Shares will be registered Shares and will only be issued in book entry form, meaning that a Shareholder's entitlement will be evidenced by an entry in the Company's register of Shareholders, as maintained by the Administrator, and not by a share certificate.

Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under “Suspension of calculation of Net Asset Value and the issue and redemption of Shares” in the section headed “Net Asset Value” below. No Shares will be issued during any such period of suspension.

Anti-money laundering

Measures aimed at the prevention of money laundering may require an applicant for Shares to verify his identity and/or the source of funds to the Company or any service provider to the Company. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognised financial institution, or the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having appropriate anti-money laundering regulations.

By way of example, an individual may be required to provide a certified copy of his passport or identification card, together with evidence of his address such as a recent utility bill or bank statement. A corporate applicant may be required to provide a certified copy of its certificate of incorporation and memorandum and articles of association (or equivalent) together with verification of the identity of its directors and principal beneficial owners. These details are given by way of example only and the Company and/or the relevant service provider (including the Administrator and the Administrator's Delegate) may request such information and documentation as they consider necessary to verify the identity and/or source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company and/or the relevant service provider (including the Administrator and the Administrator's Delegate) may refuse to accept the application in which case the subscription monies will be returned without interest to the account from which the monies were originally debited.

Each applicant for Shares may be required to make such representations as may be required by the Directors, the Administrator and/or the Administrator's Delegate in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the watch list published from time to time on the OFAC website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant may also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (as amended) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law (as amended) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

None of the Company, the Administrator nor the Administrator's Delegate will be liable for any loss or damages incurred by an applicant or Shareholder arising as a result of a failure or delay to process an application for Shares if such information and documentation as has been requested by

the Manager, the Administrator and/or the Administrator's Delegate has not been provided by the applicant.

"New Issue" securities

The Company may, from time to time, purchase New Issue securities in respect of a Fund. A New Issue is an initial public offering of an equity security which is subject to the provisions of the Rules of the United States Financial Industry Regulatory Authority (the "FINRA"), as amended, extended, consolidated, substituted or re-enacted from time to time, and includes any initial public offering of an equity security as defined in Section 3(a)(11) of the United States Securities Exchange Act 1934, as amended. Under the Rules of FINRA, members of the FINRA may not sell such securities to a private investment fund if the fund has investors who are "Restricted Persons", which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, or "Covered Investors", which includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker, unless the fund excludes or restricts such Restricted Persons and/or Covered Investors from receiving allocations of profits and losses from New Issues.

Applicants for, and transferees of, Shares may be required to provide such representations, warranties or documentation as may be required to determine whether they are Restricted Persons or Covered Investors. To enable participation in New Issues, the Company may create a new Class of Shares in respect of the relevant Fund that will not participate in any investment in New Issue securities. In such event the Company may compel the exchange of Shares held by Restricted Persons and/or Covered Investors for Shares of the new Class. The same investment objective, approach and restrictions will be applied to each Class of Shares except in respect of the profits and losses attributable to New Issues, which will not be allocated to the Class of Shares held by Restricted Persons or Covered Investors.

However, the Company may avail itself of a "*de minimis*" exemption pursuant to which a portion of any profits and losses from New Issues may be allocated to Restricted Persons and Covered Investors.

Requests for information

The Company or any Directors or agents domiciled in the Cayman Islands may be compelled to provide information including information relating to investors subject to a request for information made by a regulatory or governmental authority or agency such as the Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Tax Information Authority of the Cayman Islands, under the Tax Information Authority Law (2014 Revision) or Reporting of Savings Income information (European Union) Law (2014 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Company, Director or agent, may be prohibited from disclosing that the request has been made.

REDEMPTIONS

Redemption fee

A redemption fee may be payable on the redemption of Shares. Details of any redemption fee payable in respect of any Class are set out in the relevant Appendix.

The redemption proceeds will be reduced by the amount of any redemption fee and the net amount will be paid by the Company to the redeeming Shareholder. The redemption fee will be retained by the Manager and/or an authorised distributor. The Manager or the authorised distributor (as the case may be) may waive the payment of all or part of the redemption fee.

Redemption Price

Shares will be redeemed at the relevant Redemption Price.

Procedure

Unless otherwise specified in the relevant Appendix, Shares will be redeemable at the option of the Shareholder on any Dealing Day in accordance with the following procedures.

A completed redemption request must be received by the Administrator's Delegate prior to the specified time on the relevant Dealing Day in accordance with the requirements set out in the relevant Appendix.

Redemption requests may be sent by facsimile, but redemption proceeds will not be remitted until the Administrator's Delegate has received the required know-your-customers ("KYC") documents. Where a redemption request is sent by facsimile, the Shareholder sending such request bears the risk of it not being received. None of the Company, the Administrator nor the Administrator's Delegate accept any responsibility for any loss caused as a result of the non-receipt or illegibility of any redemption request sent by facsimile. None of the Company, the Administrator, the Administrator's Delegate nor the Manager will accept any responsibility for any loss caused as a result of the illegibility or non-receipt of any redemption request sent by facsimile or for any loss caused in respect of any action taken as a consequence of instructions believed in good faith to be signed by and originated from properly authorised persons. Shares will be redeemed on a "first in first out" basis.

A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than any Minimum Holding.

The Company may refuse to accept a redemption request if it is not accompanied by such additional information (including KYC documents) as the Company or the Administrator (including the Administrator's Delegate) reasonably require. This power may, for example and without limitation, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions". None of the Company, the Administrator nor the Administrator's Delegate will have any liability for any loss arising as a result of any failure to, or delay in, processing a redemption request if such documentation has not been provided.

A redemption request, once given, is irrevocable save with the consent of the Directors (which the Directors may withhold without giving any reason for doing so).

Anti-dilution levy

Where in respect of a Dealing Day net redemption for Shares of a Fund (including exchanges of Shares of the relevant Fund for Shares of another Fund) exceeds a specified percentage of the

relevant Fund's Net Asset Value prior to such redemption, the Manager may in its discretion impose an anti-dilution levy of a percentage of the value of each relevant Shareholder's redemption(s) or exchange(s) on the relevant Dealing Day. Details of any anti-dilution levy will be specified in the relevant Appendix.

An anti-dilution levy is intended to reflect the costs incurred by the Fund in selling portfolio securities to meet such requests for redemptions or exchanges. Any anti-dilution levy will be retained by the relevant Fund. The purpose of any anti-dilution levy is to protect remaining Shareholders from bearing the costs of such redemptions or exchanges.

Settlement

Payment of redemption proceeds will normally be made within seven Business Days (or such other period as may be specified in the relevant Appendix) of the later of: (i) the relevant Dealing Day; and (ii) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in which a substantial portion of a Fund's direct or indirect investments is made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

If so specified in the relevant Appendix, redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Company of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not to materially prejudice the interests of the continuing Shareholders in the Company as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider to be representing an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "Suspension of calculation of Net Asset Value and the issue and redemption of Shares" in the section headed "Net Asset Value" below. No Shares will be redeemed during any such period of suspension.

Compulsory redemption

The Company may compulsorily redeem all Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions".

Subject to any rights or restrictions attaching to any Class as specified in the relevant Appendix, the Company may also compulsorily redeem all Shares held by a Shareholder (i) if such Shareholder's holding is less than the relevant Minimum Holding, (ii) if such Shareholder's holding is inconsistent with any requirement described in the relevant Appendix as applicable to the rights or restrictions attaching to the relevant Class, and (iii) in certain other circumstances as described under "General and Statutory Information".

In such circumstances, unless otherwise specified in the relevant Appendix, the Company will notify the Shareholder in writing and, in the case of a holding less than the relevant Minimum Holding,

allow such Shareholder thirty days to purchase additional Shares to meet the minimum requirement.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing, in aggregate, more than the percentage specified in the relevant Appendix (the "Applicable Percentage") of the total number of Shares attributable to the relevant Fund then in issue, the Company is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem such Shares on the relevant Dealing Day and to carry out only sufficient redemptions which, in aggregate, amount to the Applicable Percentage of the Shares attributable to the relevant Fund then in issue. Unless otherwise specified on the relevant Appendix, Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed the Applicable Percentage of the Shares attributable to the relevant Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the deferred redemption requests are fully carried out. The Company is entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

Potential Withholding Requirements

The Directors may reduce the redemption proceeds (including, for the avoidance of doubt, the proceeds of any compulsory redemption) in respect of, and/or any other distribution payable to, any Shareholder to the extent that the Company and/or any Fund is required by any applicable law and/or by agreement with any government division or department in any jurisdiction whatsoever to withhold in respect of a payment of redemption proceeds, and/or any other distribution, to such Shareholder and to pay any such withheld amounts over to any such government division or department.

EXCHANGES

If specified in the relevant Appendix, Shareholders may exchange any or all Shares of one Class for Shares of another Class and vice versa on any Dealing Day of the Class held which is a Dealing Day of the Class to be acquired (an “Exchange Dealing Day”), subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged. Shares of a Class in one Fund may also, if specified in the relevant Appendix, be exchanged for Shares of a Class in another Fund and in such circumstances these provisions shall also apply.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the rate of exchange available to the Administrator or the Administrator’s Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class. No redemption fee will be payable but an exchange fee may be payable. The amount of any exchange fee will be specified in the relevant Appendix. The exchange fee will be retained by the Manager and/or an authorised distributor. The Manager or the authorised distributor (as the case may be) may waive the payment of any exchange fee at their discretion. The redemption proceeds of the Shares which are being exchanged will be reduced by the amount of the exchange fee (if any) and the net amount applied in subscribing for Shares of the other Class.

A completed exchange request must be received by the Administrator’s Delegate prior to the Exchange Dealing Day in accordance with the requirements set out in the relevant Appendix, unless decided otherwise by the Manager at its discretion.

NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of the Company, each Fund and the Net Asset Value per Share of each Class will be calculated by the Administrator or the Administrator's Delegate as at the Valuation Point. The Net Asset Value of each Fund will be equal to the value of the total assets attributable to the Fund less the total liabilities of the Fund.

In respect of each Class, a separate Class account (a "Class Account") will be established in the books of the Company. An amount equal to the proceeds of issue of each Share will be credited to the relevant Class Account. Any increase or decrease in the Net Asset Value of the portfolio of assets of the Company attributable to the Shares (disregarding for these purposes any increase in the Net Asset Value due to new subscriptions or decreases due to redemptions or any designated Class Adjustments (as defined below)) will be allocated to the relevant Class Account based on the previous Net Asset Value of each such Class Account. There will then be allocated to each Class Account the "designated Class Adjustments" being those costs, pre-paid expenses, losses, dividends, profits, gains, income, foreign exchange items, assets and liabilities which the Directors determine relate to a single Class.

Assets will be valued in accordance with the following principles:-

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received will be deemed to be the full amount thereof unless the Directors in consultation with the Manager determine that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof will be deemed to be such value as the Directors in consultation with the Manager deems to be the reasonable value thereof;
- (b) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or other similar open-ended investment vehicle (a "managed fund") to which paragraph (c) below applies and subject as provided in paragraphs (d), (e) and (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market will be made by reference to the last traded price on the principal exchange or market for such investments as at the close of business in such place on the day as of which such calculation is to be made and where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Directors in consultation with the Manager may designate) will be made by reference to the price quoted thereby; provided always that if the Directors in consultation with the Manager in their discretion consider that the prices ruling on an exchange or market other than the principal exchange or market provide in all the circumstances a fairer criterion of value in relation to any such investment, such prices may be adopted;
- (c) subject as provided in paragraphs (d), (e) and (f) below, the value of each unit, share or other interest in any managed fund which is valued as at the same day as the Company will be the net asset value per unit, share or other interest in such managed fund calculated as at that day or, if the Directors in consultation with the Manager so determine or if such managed fund is not valued as at the same day as the Company, the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;

- (d) if no net asset value, bid, asked or redemption prices or price quotations are available as provided in paragraphs (b) or (c) above, the value of the relevant asset will be determined from time to time in such manner as the Directors in consultation with the Manager will determine;
- (e) for the purpose of ascertaining quoted, listed, traded or market dealing prices, the Directors, the Manager, the relevant Investment Manager, any relevant investment adviser, the Administrator, the Administrator's Delegate or their agents will be entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Company and the prices provided by any such system will be deemed to be the last traded prices for the purpose of paragraph (b) above;
- (f) notwithstanding the foregoing, the Directors in consultation with the Manager may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value; and
- (g) any value (whether of a security or cash) denominated in a currency other than base currency of the relevant Fund will be converted into base currency of the relevant Fund at the rate (whether official or otherwise) which the Directors in consultation with the Manager in their absolute discretion deem appropriate in the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

The term "last traded price" referred to in paragraph (b) above, refers to the last traded price reported on the exchange or market for the day, commonly referred to in the market as the "settlement" or "exchange price", and represents a price at which members of the exchange settle between their outstanding positions. Where a security has not traded, the last traded price will represent the "exchange close" price as calculated and published by that exchange in accordance with its local rules and customs.

The Net Asset Value per Share on any Valuation Day will be calculated by dividing the Net Asset Value of the relevant Class Account by the number of Shares of the relevant Class in issue as at the close of business on that Valuation Day, rounded to the nearest 3 decimal places (except in respect of a Share whose reference currency is Japanese Yen, in which case the resulting number will be rounded to the nearest whole number). The benefit of any rounding will be retained in the relevant Class Account.

In valuing the assets of the Company, the Administrator shall be entitled, without verification, further enquiry or liability on the Administrator's part, to rely on pricing information in relation to specified investments held by the Company or each Fund which is provided by price sources stipulated in the Administration Agreement, this Offering Memorandum or the Articles, or in the absence of any such stipulated price sources, any price sources on which the Administrator may choose to rely. Without prejudice to the generality of the foregoing, the Administrator shall not be responsible or liable to any person for the valuation or pricing of any assets or liabilities of the Company or any Fund (save as set out in the Administration Agreement) or for any inaccuracy, error or delay in pricing information supplied to the Administrator.

The Administrator will use reasonable endeavours to independently verify the price of any such assets or liabilities of the Company or any Fund using its network of automated pricing services, brokers, market makers, intermediaries or other third parties.

In the absence of readily available independent pricing sources, the Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the Company or any Fund (including, without limitation, private equity investments) which is provided to it by: (i) the Company, (ii) the Directors (or other governing body) or the Manager; and/or (iii) any valuer, third party valuation agent, intermediary or other third party which in each such case is appointed or authorised by the Company, the Directors

(or other governing body) or the Manager (which may include any Investment Manager) to provide valuations or pricing information of the assets or liabilities of the Company or any Fund to the Administrator, provided that where any valuation or pricing information is provided by the Manager or the relevant Investment Manager (as applicable), the approval of the Directors will be sought before the release of the relevant final Net Asset Value.

Publication of Net Asset Value

The most recent Net Asset Value per Share will be available from the Manager and the Administrator on request.

The Manager may apply to newspapers or periodicals for publication of the Net Asset Value per Share at its discretion, provided that the Net Asset Value per Share for any Fund authorised by the SFC is published at least once a month in one English language and one Chinese language daily newspaper in Hong Kong.

Suspension of calculation of Net Asset Value and the issue and redemption of Shares

The Articles provide that the Directors may, from time to time, in their absolute discretion and for any reason, declare a suspension of (i) the calculation of the Net Asset Value of any Class; (ii) the issue of Shares of any Class; (iii) the right to require redemption of Shares of any Class; and/or (iv) the payment of redemption proceeds (even where neither calculation of Net Asset Value nor the right to redeem has been suspended) (each a "Suspension"). Notwithstanding the generality of the foregoing, the Directors reserve the right to declare a Suspension in respect of any Fund for the whole or any part of a period:

- (a) during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Fund is quoted, listed, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended; or
- (b) where an underlying collective investment scheme in which the Fund holds a material holding does not publish the requisite net asset value for the relevant Valuation Day and/or is not open for subscriptions or redemptions and/or subscriptions, redemptions or payment of redemption proceeds in respect of shares or interests in such underlying scheme are restricted or suspended and/or the calculation of valuations by such underlying fund are suspended; or
- (c) when circumstances exist as a result of which in the reasonable opinion of the Directors it is not reasonably practicable for the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to the Shareholders; or
- (d) when a breakdown occurs in any of the systems and/or means normally employed in ascertaining the value of investments of the Fund or the Net Asset Value or the Net Asset Value per Share or when for any other reason the value of any of the investments or other assets of the Fund or the Net Asset Value or the Net Asset Value per Share cannot in the opinion of the Directors reasonably or fairly be ascertained; or
- (e) during which the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments of the Fund or payments due on redemption of Shares is restricted or cannot in the opinion of the Directors be effected at normal rates of exchange; or
- (f) when the business operations of the Manager, the relevant Investment Manager, the Administrator or the Administrator's Delegate in respect of the Company and or any Fund

are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, pandemic or acts of God.

Notice of the Suspension and its termination will be given to all persons who have applied for or requested redemption or exchange of Shares, as the case may be, in the relevant Fund, provided that in respect of any Fund authorised by the SFC, a notice of the Suspension will be published in one English language and one Chinese language daily newspaper in Hong Kong as soon as practicable after the Directors' declaration of such Suspension and, thereafter, at least once monthly for the duration of such Suspension. Any Suspension will be lifted as soon as practicable after the Directors have reasonably determined that a termination of Suspension will not adversely affect the interests of the Shareholders. In respect of a Fund authorised by the SFC, a notice will also be published as soon as practicable after any Suspension is terminated.

FEES, CHARGES AND EXPENSES

Management Fee

The Company will pay the Manager, in respect of each Fund, the Management Fee specified in the relevant Appendix.

The Manager will also be entitled to be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties for the Company.

The Manager will be responsible for remunerating any Investment Manager and any investment adviser it appoints in respect of any Fund.

Fund Servicing Fee

The Manager will be entitled to receive a Fund Servicing Fee from the Company in respect of a Fund (the amount of any Fund Servicing Fee payable will be set out in the relevant Appendix) for providing administrative services to a Fund including but not limited to accepting and coordinating any necessary response to notices or correspondence amongst the Company, any Shareholder and any relevant regulator, providing Shareholders with information (including financial reports and sales literature) on the Company and/or any Fund and delivering to any relevant regulator any documents relating to the Fund upon request.

Performance Fee

The Manager may also be entitled to receive a Performance Fee from the Company in respect of a Fund. Any Performance Fee will be calculated in the manner specified in the relevant Appendix and will normally be payable to the Manager in arrears as soon as reasonably practicable after the end of the relevant Calculation Period.

If the Management Agreement is terminated during a Calculation Period, the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination was the end of the relevant Calculation Period.

The Manager may, from time to time, rebate part or all of the Management Fee and/or Performance Fee to some or all Shareholders. Any such rebate may be applied in paying up additional Shares to be issued to the relevant Shareholder or may be paid in cash.

Administration Fee

The Company will pay the Administrator, in respect of each Fund, the Administration Fee, such fee being at rate(s) to be agreed between the Company and the Administrator from time to time.

The Administrator will be entitled to be reimbursed for all out-of-pocket expenses incurred in the course of carrying out its duties. The Administrator will be responsible for any fees payable to the Administrator's Delegate for services provided in respect of the Company.

Custodian Fee

The Company will pay the Custodian, in respect of each Fund, the Custodian Fee, such fee being at rate(s) to be agreed between the Company and the Custodian from time to time.

The Custodian will be entitled to be reimbursed for all out-of-pocket expenses incurred in the course of carrying out its duties. The fees of any sub-custodian appointed by the Custodian for the account of any Fund will be agreed and borne by the Custodian.

Other fees, costs, charges and expenses

The Company will also pay the fees, costs, charges and expenses of (i) all transactions carried out by it or on its behalf (which, for the avoidance of doubt, may include costs and expenses that are incurred by the relevant Fund immediately following the close of its Initial Offer Period, including any initial investment that the Fund may make into a managed fund) and (ii) the administration of the Company, including (a) the charges and expenses of legal advisers and auditors in any jurisdiction and any regulatory fees, (b) brokers' commissions (if any), fees relating to any collateral or credit support arrangements relating to the Company's investments, borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies and all expenses relating to the reporting and/or filing of taxes or corporate fees to such governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings, including any overdraft interest incurred in respect of any overdraft facility of the Company, (f) fees and expenses incurred by the Manager or any Investment Manager or investment adviser in connection with the provision of their investment management and/or advisory services including, but not limited to, research related expenses, (g) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, placement memoranda and similar documents, (h) the cost of insurance (if any) for the benefit of the Directors, (i) fees and expenses of any custodian appointed by the Company, (j) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (k) costs and expenses of listing the Shares of any Class on any stock exchange (if applicable) and (l) all other organisational and operating expenses.

Investors should note that the fees, costs, charges and expenses described in the paragraph immediately above may be amortised over a period of time to be determined by the Directors from time to time. Such amortisation may result in a deviation from IFRS but the Manager does not expect this to materially affect the results of the Company.

Expenses arising out of any advertising or promotional activities in connection with the Company or a Fund will not be charged to the Company or any Fund.

Expenses which relate to a specific Fund will be charged to that Fund. Any other expenses will be apportioned among all Funds on a proportionate basis according to the Net Asset Value of each Fund or such other reasonable basis as the Directors may determine.

Establishment costs

The total costs and expenses of establishing the Company and the first Fund were approximately USD90,000 and were paid out of the proceeds of the initial issue of Shares. Such costs and expenses were amortised over the first three financial years of the Company unless the Directors decide that some other method shall be applied. In the event that further Funds are established, the Directors may reallocate any unamortised costs and expenses such that a proportion of them is borne by the additional Funds. The costs and expenses of establishing any additional Fund may be amortised over the period specified in the relevant Appendix.

Investors should note that, under IFRS, the establishment costs should be expensed as incurred. However, under the amortisation paragraph described immediately above, the establishment costs were amortised over the first three financial years of the Company.

DIVIDEND POLICY

Where specified in the relevant Appendix, distributions may be made by the Company by way of dividend in respect of a Fund. In the event that a dividend is declared and remains unclaimed after a period of six years from the date of declaration, such dividend will be forfeited and will revert to the Company. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

REPORTS AND FINANCIAL STATEMENTS

The financial year for the Company ends on 31 December in each year.

An annual report with audited financial statements of the Company are prepared in accordance with IFRS for each financial year. Unaudited semi-annual reports will also be prepared in respect of any Fund authorised by the SFC. Save where otherwise required by law or regulation, annual and any semi-annual reports and financial statements will be available in English only.

In respect of any Fund authorised by the SFC, such reports will be sent to the Shareholders on or before the issue date of the relevant report, which will be within six months after the end of the financial year in the case of annual reports and audited financial statements. Once issued the annual and semi-annual reports of a Fund authorised by the SFC will be available for inspection at the Manager's office free of charge during normal working hours.

Information on past (historical) performance of the Company and the annual report for the Company, including audited accounts for each financial year, can be obtained from the Manager and, on request, at the registered office of the Company. In respect of any Fund not authorised by the SFC, annual reports with audited financial statements will be sent to the Shareholders on or before the issue date of the relevant report, which will be 30 June in each year. In such cases, no semi-annual reports will be produced.

CONFLICTS OF INTEREST

The Directors, the Manager, each Investment Manager, any investment adviser, the Custodian, the Administrator, the Administrator's Delegate, any PRC Custodian and any of their respective affiliates or connected persons may from time to time act as director, manager, investment manager, investment adviser, custodian, registrar, broker, administrator, distributor, dealer or service provider in relation to, or be otherwise involved in, other investment funds (including investment funds which invest directly or indirectly in the Company), which have similar or different objectives to those of, or invest in similar securities to those held by, the Company. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager will ensure that all investment opportunities will be fairly allocated.

There may be a conflict of interest in respect of the Manager when determining to appoint an affiliated Investment Manager or investment adviser.

It is expected that transactions for the Company may be carried out with or through connected persons of the Company, the Directors, the Manager, the relevant Investment Manager or the investment adviser. There is no limit on the volume of transactions which may be conducted with or through such connected persons but the Manager will use due care in the selection of such connected persons to ensure that they are suitably qualified in the circumstances, and will monitor and ensure that all such transactions are conducted on an arm's length basis and are consistent with best execution standards. The fees or commissions payable to any such connected persons will not be greater than those which are payable at the prevailing market rate for such transactions. All such transactions and the total commissions and other quantifiable benefits received by such connected persons will be disclosed in the Company's annual report.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in a Fund.

CASH REBATES AND SOFT COMMISSION

None of the Manager, the relevant Investment Manager, any investment adviser nor any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Fund to such brokers or dealers, save that goods and services (soft commissions) may be retained if, such goods and services are of demonstrable benefit to the Shareholders, and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Fund. Details of any such commissions will be disclosed in the annual report and accounts of the relevant Fund.

The Manager, the relevant Investment Manager, any investment adviser and/or any of their connected persons reserves the right to effect transactions by or through the agency of another person with whom the Manager, the relevant Investment Manager, any investment adviser and/or any of their connected persons has an arrangement under which that party will from time to time provide to or procure for the Manager, the relevant Investment Manager and/or any of their connected persons goods, services or other benefits (such as research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, research and trading related products and services as well as computer software incidental to the foregoing goods and services to facilitate delivery of these products, clearing and custodian services and investment-related publications) the nature of which is such that their provision can reasonably be expected to benefit the relevant Fund as a whole and may contribute to an improvement in the performance of the relevant Fund or of the Manager, the relevant Investment Manager, any investment adviser and/or any of their connected persons in providing services to the relevant Fund and for which no direct payment is made but instead the Manager, the relevant Investment Manager and/or any of their connected persons undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

RISK FACTORS

The nature of the Company's investments involves certain risks and the Company utilises investment techniques which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons which can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares as applicable to the relevant Fund (and additional risk factors applicable to each Fund are set out in the relevant Appendix):

Amortisation of organisational costs

The Company's financial statements will be prepared in accordance with IFRS. IFRS does not permit the amortisation of organisational costs. Notwithstanding this, the Company may, at the discretion of the Directors, amortise its organisational costs, or the organisational costs of any Fund, over a period of time and this may result in the Directors making adjustments in the annual financial statements in order for the financial statements to be in compliance with IFRS or a qualification in the auditor's report.

Availability of investment strategies

The success of the Company's investment activities in respect of any Fund will depend on the ability of the Manager or the relevant Investment Manager, as applicable, to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued in respect of any Fund involves a high degree of uncertainty. No assurance can be given that the Manager or the relevant Investment Manager, as applicable, will be able to locate suitable investment opportunities in which to deploy all of the assets attributable to a Fund or to exploit discrepancies in the securities and derivatives markets. Market factors including, but not limited to, a reduction in market liquidity or the pricing inefficiency of the markets in which the Company will seek to invest in respect of any Fund, may reduce the scope for the investment approach of the relevant Fund.

The investment performance of any Fund may be adversely affected by unforeseen events involving, without limitation, such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Borrowing

The Company may use borrowings for the purpose of making investments in respect of any Fund. The use of borrowing creates special risks and may significantly increase the investment risk of the relevant Fund. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the exposure of the relevant Fund to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the relevant Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the relevant Fund may decrease more rapidly than would otherwise be the case.

Business

There can be no assurance that the investment objective of any Fund will be achieved. There is little operating history by which to evaluate the likely future performance of any Fund. The investment results of any Fund are reliant upon the success of the Manager or the relevant Investment Manager, as applicable, and no guarantee or representation is made in this regard.

Concentration of investments

The Company is not subject to any requirement to diversify its investments and may from time to time hold relatively few investments in respect of any Fund. A Fund could be subject to significant losses if, in respect of the Fund, the Company holds a large position in a particular investment that declines in value or is otherwise adversely affected (including as a result of default by the issuer).

Counterparty

The Company is subject to the risk of the inability of any counterparty (including any prime broker(s) and custodian(s)) to perform with respect to transactions, whether due to insolvency, bankruptcy or other circumstances. The Company is subject to the risk that counterparties may not have access to finance and/or assets at the relevant time and may fail to comply with their obligations under the relevant sale and repurchase agreements. Recent well-publicised weaknesses in certain financial institutions may be indicative of increased counterparty risk. In the event of any counterparty (including a prime broker or custodian) entering an insolvency procedure, the Company could experience delays in liquidating its positions and incur significant losses, including the loss of that portion of a Fund's portfolio financed through such a transaction, a decline in value of its investment during the period in which the Company seeks to enforce its rights, an inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. During an insolvency procedure (which may last many years) the use by the Company of assets held by or on behalf of the relevant prime broker, custodian or counterparty may be restricted and accordingly (i) the ability of the Manager or the relevant Investment Manager, as applicable, to fulfil the investment objective of a Fund may be severely constrained, (ii) the Company may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (iii) the Net Asset Value may be otherwise affected. During such a procedure, the Company is likely to be an unsecured creditor in relation to certain assets (including those in respect of which it had previously been a secured creditor) and accordingly the Company may be unable to recover such assets from the insolvent estate of the relevant prime broker, custodian or counterparty in full, or at all.

Cross Class liabilities

Although separate Class Accounts will be established for each Class and assets and liabilities will be allocated to the relevant Class Account and the Company is a segregated portfolio company registered under Cayman Islands law, if the liabilities of a Class within a Fund exceed its assets, the Fund Creditors may have recourse to the assets attributable to the other Classes of the relevant Fund.

Cross Fund liability

The Company is a segregated portfolio company under Cayman Islands law and, as a matter of Cayman Islands law, the assets of one Fund will not be available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf in or be subject to claims in, other jurisdictions which may not recognise such segregation. In such circumstances, the assets of one Fund may be exposed to the liabilities of another Fund.

Currency exposure

Assets attributable to a particular Fund may be invested in securities and other investments which are denominated in currencies other than the currency or currencies in which the relevant Shares are denominated. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Company may seek to hedge foreign currency exposure of a Fund but the Fund will necessarily be subject to foreign exchange risks and there can be no assurance that any hedges which are put in place will be effective. Prospective investors whose assets and liabilities are predominantly in currencies other than the currency in which their

Shares will be denominated should take into account the potential risk of loss arising from fluctuations in value between the currency in which their Shares will be denominated, the currency of investment and the currencies of their assets and liabilities.

Custodial, clearance and settlement risks

The Custodian or any PRC Custodian may appoint directly or indirectly sub-custodians in local markets for the purposes of the safekeeping of assets in those markets. There can be no assurance that losses will not arise to a Fund from the actions or inactions of such sub-custodians, particularly in the case where regulation and standards of administration in certain emerging or developing economies or markets in which a Fund may invest are underdeveloped and not of the standard experienced in most developed economies or markets.

The lack of adequate custodial, clearance and settlement systems in some emerging economies or markets may prevent either partial or total investment in such economies or markets or may require a Fund to accept greater custodial, clearance and/or settlement risks in order to make any such investment. There are risks arising from the inadequacy of systems to ensure the transfer, evaluation, compensation and/or recording of securities, the procedure for registering securities, the custody of securities and liquidation of transactions. These risks do not occur as frequently in more developed economies or markets.

The clearance and settlement systems available to effect trades on certain emerging or developing economies or markets as well as the local banking and telecommunications systems may be significantly less developed than those in more developed economies or markets, which may result in delays and other material difficulties in settling trades and in registering transfers of securities. Since the local postal and banking systems in these emerging or developing economies or markets may not meet the same standards as those of more developed economies or markets, no guarantee can be given that all entitlements attaching to securities acquired by a Fund can be realised. There is the risk that payments of interest or other distributions by bank wire or by cheque sent through the mail could be delayed or lost. In addition, there is the risk of loss in connection with the insolvency of an issuer's bank, particularly because these institutions may not be guaranteed by the local government.

In certain emerging or developing economies or markets, there have been times when clearance and settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement in these economies or markets may affect the value and liquidity of a Fund. The inability of a Fund to make intended securities purchases due to clearance and settlement problems could cause the Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to a Fund due to subsequent declines in value of the portfolio security or, if a Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

In addition, such emerging or developing economies or markets may have less developed clearance and settlement procedures. A Fund will be exposed to credit risks of parties with or through whom it trades and will also bear the risk of settlement default. Market practice in certain emerging or developing economies or markets, in which a Fund may invest, in relation to the clearance and settlement of securities transactions, may increase such risks. In certain securities markets, in particular those in emerging or developing economies, transactions may not be executed on a delivery versus payment/receive versus payment (DVP/RVP) basis and there may be a difference in settlement dates for cash and securities, which creates counterparty risk.

Debt instruments

Interest rate, credit and downgrade risks

Debt instruments, such as notes and bonds, are subject to interest rate risk, credit risk and downgrade risks.

There is a general inverse relationship between interest rate and price of debt instruments. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt instruments. A common way to measure interest rate risk is with reference to a bond's duration – in essence, the number of years required to recover the true cost of a bond, considering the present value of all coupon and principal payments received in the future. The duration of a bond is generally expressed as a number of years from its purchase date. Other things being equal, debt instruments with longer maturities are generally more sensitive to interest rate changes than those with shorter maturities. Changes in interest rates may extend or shorten the duration of certain types of instruments, thereby affecting their value and the return on an investment in a Fund.

Changes in market interest rates do not affect the rate payable on an existing fixed rate debt instrument which can increase its exposure to interest rate risk – this is because rising interest rates will make the fixed debt instrument less valuable because of the inverse relationship mentioned. An instrument which has adjustable or variable rate features will in contrast be comparatively less sensitive to interest rate risk. Fluctuations in interest rates of the currency(ies) in which the Shares are denominated and/or fluctuations in interest rates of the currency(ies) in which a Fund's investments are denominated may also affect the value of the Shares.

Credit risk (sometimes known as issuer default risk) is the possibility that an issuer of an instrument will be unable or unwilling to make interest payments or repay principal when due, or to otherwise honour its obligations. An issuer suffering an adverse change in its financial condition or future prospects could lower the credit quality of a security thereby increasing its credit risk, leading to greater price volatility of the security. This may have adverse effects on the value of a Fund's investments. If the Fund invests in lower quality debt instruments, in particular securities which are rated lower than investment grade, it is more susceptible to these problems and its value may be more volatile. (Please see below for more information relating to investments in non-investment grade debt instruments.)

Downgrade risk is the risk that the credit rating of an issuer or a debt instrument may subsequently be downgraded or even fall below investment grade due to changes in the financial strength of an issuer or changes in the credit rating of a debt instrument. Downgraded securities, and securities issued by issuers whose ratings may be downgraded, may be subject to higher risks, as they could be subject to higher volatility, liquidity and credit risk. In the event of downgrading, a Fund's investment value in such security may be adversely affected. The Fund may continue to hold such investment and higher risks may result. Investors may suffer substantial loss of their investments in the Fund.

Risk associated with non-investment grade debt instruments

To the extent a Fund invests in debt instruments which are rated lower than investment grade or unrated ("non-investment grade instruments"), the Fund may realise a higher current yield than the yield offered by higher-rated securities, but such investments associated with greater risks because of generally reduced credit worthiness and liquidity, greater price volatility, greater risk of loss of income and principal including the chance of default by or bankruptcy of the issuers of such securities.

Derivatives

The Company may, in respect of any Fund, utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy and for hedging purposes.

The successful use of derivatives requires sophisticated management, and a Fund will depend on the ability of the Manager or the relevant Investment Manager, as applicable, to analyse and manage derivatives transactions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Manager or the relevant Investment Manager, as applicable, expected.

Derivatives can be highly volatile and expose investors to a high risk of loss. Some derivatives are “leveraged” and therefore may magnify or otherwise increase investment losses to the Fund, creating conceptually the risk of unlimited loss.

Over-the-counter (“OTC”) instruments such as swap transactions also involve the risk that the other party will not meet its obligations to the Fund. This exposes the Fund to risk that a counterparty will not settle a transaction in accordance with its terms and conditions, thus causing the relevant Fund to suffer a loss. Transactions in OTC contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Derivative contracts may also involve legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery. The Company may also, in respect of any Fund, sell covered and uncovered options on securities. To the extent that such options are uncovered, the relevant Fund could incur an unlimited loss.

OTC market risk and regulation of OTC transactions

Transactions in OTC markets generally tend to be subject to less government regulation and supervision and offer less market breadth and depth than transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of a central clearinghouse may not be available in connection with certain OTC transactions. Therefore, any OTC transactions will be subject to the risk that the direct counterparty will not perform its obligations under the transactions. Accordingly where a Fund acquires securities in OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have comparatively limited liquidity, high price volatility and greater risk of counterparty default.

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. The leaders of the G20 have agreed that all standardised OTC derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties, that OTC derivatives contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

In particular, in the United States, the Dodd-Frank Act, enacted in July 2010, includes provisions that comprehensively regulate the OTC derivatives markets for the first time. The Dodd-Frank Act requires that a substantial portion of OTC derivatives must be executed in regulated markets or electronic facilities and submitted for clearing to regulated derivatives clearing organisations. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearing house, as well as possible margin requirements mandated by the SEC

or the CFTC. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Swap dealers (as defined in the United States Commodity Exchange Act (the “CEA”)) will also be required to post margin to the clearing houses through which they clear their customers’ trades instead of using such margin in their operations for cleared derivatives, as is currently permitted. The SEC and CFTC may also require a substantial portion of derivative transactions that are currently executed on a bilateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Company, to enter into highly tailored or customised transactions. They may also render certain strategies in which the Company, in respect of any Fund, might otherwise engage impossible or so costly that they will no longer be economical to implement. Swap dealers and major swap participants (as defined in the CEA) will be required to register with the SEC and/or the CFTC. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, additional reporting and record keeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. A Fund will be subject to position limits on certain swaps as well as record keeping and, depending on the identity of the swaps counterparty, reporting requirements. Position limits may limit a Fund’s ability to concentrate in a particular type of contract, and reporting requirements may result in increased regulatory compliance expense. The requirements under the Dodd-Frank Act will increase the swap dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favourable trade pricing, and possible new or increased fees.

Because many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Act on the Company, the Funds, the Manager, the Investment Managers, any investment adviser and the markets in which any Fund trades and invests or the counterparties with which it does business. It is unclear how the derivatives markets will adapt to this new regulatory regime.

In Europe, the European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or “EMIR”), which came into force on 16 August 2012, introduces uniform requirements in respect of OTC derivative contracts by requiring certain “eligible” OTC derivatives contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC derivatives contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These requirements are likely to include the exchange and segregation of collateral by the parties, including any Fund.

While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this Offering Memorandum. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR on a Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivatives contracts. The Directors, the Manager and the relevant Investment Manager will monitor the position. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect a Fund’s ability to adhere to its investment approach and achieve its investment objective.

Steps are also underway to regulate and increase regulation over OTC derivatives markets across other jurisdictions. The introduction and/or increased level of regulation over the OTC derivative markets and any related regulatory changes could result in certain investment strategies in which a

Fund proposes to engage or may have otherwise engaged becoming non-viable or non-economical to implement. Any legislation and regulation in this area may materially adversely affect a Fund's ability to implement its investment approach and achieve its investment objective.

Early termination risk

Although the Company was incorporated and established for an unlimited duration, the Company may be wound up pursuant to a special resolution passed by the Shareholders. If the Company shall be wound up the liquidator shall apply the Fund Assets and the General Assets in accordance with the Companies Law (as amended) of the Cayman Islands in satisfaction of the claims of the creditors (whether a creditor of a Segregated Portfolio or otherwise).

The Directors may in their absolute discretion by a resolution (but shall not be obliged to) resolve to redeem compulsorily all the outstanding Shares of the Class or Classes relating to a Fund if the Net Asset Value of the Fund is at any time below USD50 million (or its equivalent in another currency) or such other amount as the Directors may from time to time determine either generally or in respect of any Fund and as may be specified in the relevant Appendix. In addition, the Directors may in their absolute discretion by a resolution (but shall not be obliged to) resolve to redeem compulsorily all the outstanding Shares of a Class if the Net Asset Value of the relevant Class Account is at any time below USD10 million (or its equivalent in another currency) or such other amount as the Directors may from time to time determine either generally or in respect of any Fund and as may be specified in the relevant Appendix. Further details are discussed under "Compulsory redemption" in the section headed "General and Statutory Information".

In the event of such early termination, Shareholders will generally be entitled to receive their pro rata interest in the assets of the Company, the relevant Fund or the relevant Class (as the case may be). It is possible that at the time of any sale, realisation, disposal or distribution of these assets, certain investments held by the Company, the relevant Fund or in the relevant Class Account (as the case may be) may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to the Company, the relevant Fund or the relevant Class (as the case may be) that had not yet become fully amortised would be debited against the Company's or relevant Fund's (as the case may be) account at that time.

Emerging markets

The Company may, in respect of any Fund, invest in equities, debt securities or other securities of companies incorporated in, or whose business operations are in or substantially connected with, emerging markets and therefore additional risks may be encountered. These include, but are not limited, the following:

- (a) *Political and economic factors:* Investing in emerging markets involves certain risks not typically associated with investing in the securities of issuers in more established markets, including: (i) political and economic risks, such as greater risks of expropriation, nationalisation and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; (iv) certain national policies which may restrict the investment opportunities of the relevant Fund, including restrictions on investing in issuers or industries deemed sensitive to the national interest; and (v) bureaucratic restraints relating to investment in the country.
- (b) *Developing legal system:* At present, the securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent, interpretation and enforcement involve significant uncertainty. In particular, laws governing business organisations, bankruptcy and

insolvency in emerging markets may provide substantially less protection to security holders than that provided by the laws of more developed countries.

- (c) *Market considerations:* As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. Settlement of transactions may be subject to delay and administrative uncertainties.
- (d) *Currency:* The currencies in which investments are denominated may be unstable and/or subject to significant depreciation. Such currencies may not be freely convertible.
- (e) *Custody risk:* Custodians are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more developed markets. In particular, there is a risk that the relevant Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.
- (f) *Disclosure:* Less complete and reliable fiscal and other information may be available to investors.

Forward foreign exchange contracts

The Company may, in respect of any Fund, enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The relevant Fund will be subject to the risk of the inability or refusal of counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the Company to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses to the relevant Fund.

Hedging

A Fund is permitted, but not obligated to use hedging techniques to attempt to offset market and/or currency risks. There is no guarantee that hedging transactions will achieve the desired result and they can also limit potential gains. While a Fund may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates, equity markets and debt markets may result in a poorer overall performance of a Fund. A Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the relevant Fund to risk of loss.

Hedging of foreign currency exposure for currency-hedged Class Accounts

The Manager will seek to hedge the exposure of each currency-hedged Class Account to the relevant Fund's pricing currency, through the use of spot and forward foreign exchange contracts (including non-deliverable forwards) or other methods of reducing exposure to currency

fluctuations, with the aim of minimising the impact of such fluctuations on the Net Asset Value of the relevant hedged Class Account.

Although there can be no guarantee that it will be possible to fully hedge the total Net Asset Value of a relevant hedged Class Account in its reference currency, it should be noted that various factors, including but not limited to changes in the value of the hedged portion of assets attributable to the hedged Share Class and the volume of subscriptions and redemptions, may have an impact on the level of currency hedging held in the hedged Class Account.

Illiquidity

It is not anticipated that there will be an active secondary market for the Shares and it is not expected that such a market will develop.

Information, reporting and side arrangements

The Company, in respect of any Fund, may enter into separate agreements with certain Shareholders, including, without limitation, those deemed to involve a significant or strategic relationship, to provide them with additional or different information and reporting which information other Shareholders will not receive. Such information and reporting may provide the recipient greater insights into the relevant Fund's activities than is included in standard reports to Shareholders, thereby enhancing the recipient's ability to make investment decisions with respect to that Fund and with respect to the investment of its own assets. The Company, in respect of the relevant Fund, may not, and is not required to, provide the same type or level of disclosure regarding such information to all Shareholders. Accordingly, certain Shareholders may invest on terms that provide access to information that is not generally available to other Shareholders and, as a result, may be able to act on such additional information (e.g., request redemptions) that other Shareholders do not receive.

The Directors may in their absolute discretion agree to provide certain strategic investors in the relevant Fund with information about that Fund and its investments which is not available to investors generally.

Subject to applicable law, the Manager, the relevant Investment Manager and the Company, in respect of the relevant Fund, may, in their sole discretion, negotiate and enter into agreements ("Side Letters") on behalf of a Fund with certain Shareholders that will result in different terms of an investment in that Fund than the terms applicable to other Shareholders. As a result of such Side Letters, certain Shareholders may receive additional or different information, reporting and/or other benefits which other Shareholders will not receive. Such information and reporting may provide the recipient greater insights into that Fund's activities than is included in standard reports to Shareholders, thereby enhancing the recipient's ability to make investment decisions with respect to that Fund and with respect to the investment of its own assets. Except as described in this Offering Memorandum or as required by law or regulation, in general, none of the Manager, the relevant Investment Manager or the Company will be required to notify any or all of the other Shareholders of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Manager, the relevant Investment Manager or the Company be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. As a result, Shareholders which have entered into Side Letters may be able to act on additional information (for example, to request redemptions) that other Shareholders do not receive.

Investment and repatriation restrictions

The laws and regulations of some of the emerging or developing economies or markets through which a Fund may invest and which affect foreign investment business continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, foreign

investment and trade and currency regulation and control are relatively new and can change quickly. Although basic commercial laws are in place, they are often unclear or contradictory and subject to varying interpretation and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Company or any Fund.

Investments in these economies or markets may also require the procurement of a substantial number of licences, regulatory consents, certificates and approvals, including licences for the Company, registration of relevant securities trading code(s) for a Fund to conduct securities transactions at the relevant securities trading centre(s) or markets and clearance certificates from tax authorities. The inability to obtain a particular licence, regulatory consent, certificate or approval could adversely affect the Company's operations and in extreme circumstances could lead to the Directors convening a Shareholders' meeting for the purpose of winding-up the Company or the Fund.

Legal risks

The economies of some of the emerging or developing economies or markets through which a Fund may invest are substantially less developed than those of other geographic regions such as the United States and Europe. The laws and regulatory apparatus affecting such economies or markets are also in a relatively early stage of development and are not as well established as the laws and the regulatory apparatus of regions such as the United States and Europe. Local securities laws and regulations of these economies or markets are still in their development stages and not drafted in a very concise manner which may be subject to interpretation. In the event of a securities-related dispute involving a foreign party, the local laws shall apply (unless an applicable international treaty provides otherwise). The local court systems may not be as transparent and effective as court systems in more developed economies or markets and there can be no assurance of obtaining effective enforcement of rights through local legal proceedings and generally the judgements of foreign courts are not recognised.

Limited US regulation

The offering of Shares has not been and will not be registered under the 1933 Act or with any state within the United States in reliance on an exemption from registration pursuant to the 1933 Act and applicable state securities law exemptions. Neither the Company nor any of the Funds is, or currently intends to be, registered as an investment company under the 1940 Act.

The Manager is not and currently does not intend to be, registered under the United States Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, the Manager may also be subject to state registration, reporting or other obligations. The Company, any of the Funds and the Manager could become subject to additional regulatory and compliance requirements associated with such legislation. Any such additional requirements, or any different requirements, may be costly and/or burdensome to the Manager and could result in the imposition of restrictions and limitations on the operations of the Company and/or any of the Funds and/or the disclosure of information to US regulatory authorities regarding the operations of the Company (regardless of whether the Manager is exempted from registration as an investment adviser under the Advisers Act).

Notwithstanding the foregoing, the Dodd-Frank Act may result in the Company in respect of a Fund being regulated in the United States on the basis of its trading activity in the OTC derivatives markets (if any). Please refer to the risk factor headed "OTC market risk and regulation of OTC transactions" above for further information on the risks relating to the Dodd-Frank Act.

Liquidity and market characteristics

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Manager's or an

Investment Manager's ability to respond to market movements may be impaired may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and it may not be possible to sell them when they desire to do so or to realise what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Company may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time or certain consents may be required before any disposal or transfer can take place. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Market crisis and governmental intervention

The global financial markets have recently undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions was suddenly and/or substantially eliminated. In addition, as one would expect given the complexities of the global financial markets and the limited timeframe within which governments were able to take action, these interventions were sometimes unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

The United States Federal Reserve and certain non-US governments and supra-governmental agencies and organisations have previously taken, and in certain cases continue to take significant steps to intervene in the financial markets. Current and future government and/or supra-governmental interventions may lead to a change in valuations of securities that is detrimental to a Fund's investments. Such intervention is subject to inherent uncertainties relating to prevailing economic conditions and political considerations.

The Manager believes that it is possible that emergency intervention may take place again in the future. The Manager also believes that the regulation of financial markets is likely to be increased in the future. It is impossible to predict the impact of any such intervention and/or increased regulation on the performance of a Fund or the fulfilment of its investment objective.

Market disruptions

A Fund may incur major losses in the event that disrupted markets and/or other extraordinary events affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from the disconnection from historical prices during periods of market disruption is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. In 1994, in 1998 and again in the "financial crisis" of 2007 to 2009, a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles focused on credit-related investments. However because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment vehicles suffered heavy losses even though they were not heavily invested in credit-related investments.

In addition, the global financial markets may undergo further fundamental disruptions in the future, which could result in renewed governmental and/or supra-governmental interventions which may be materially detrimental to the performance of a Fund. Furthermore, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a Fund, and such events may result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for a Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for a Fund to close out positions.

Market liquidity

A Fund may be adversely affected by a decrease in market liquidity for the instruments in which that Fund is invested which may impair the ability of the Manager or the relevant Investment Manager, as applicable, to adjust positions. The size of the relevant Fund's positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision to reduce the level of leverage available by any prime broker, custodian or other counterparty with which the Company enters into derivative transactions, or the liquidation by other market participants of the same or similar positions may also adversely affect the relevant Fund's portfolio.

Net Asset Value considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the relevant Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the Company or the relevant Fund.

Performance Fee

In addition to receiving a Management Fee, the Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share and accordingly the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. A Performance Fee may therefore be paid on unrealised gains which may subsequently never be realised. The Performance Fee may create an incentive for the Manager or the relevant Investment Manager, as applicable, to make investments in respect of any Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

The Performance Fee will not be calculated on a Share-by-Share basis and accordingly will not reflect the individual performance of each Share. The Subscription Price will however reflect an accrual for the Performance Fee. Investors may be advantaged or disadvantaged as a result of this method of calculation, depending on the Net Asset value per Share at the time of subscription relative to the performance of the Fund during the relevant Calculation Period and the timing of the subscription during the Calculation Period.

Portfolio manager

The investment performance of each Fund will be substantially dependent on the services of key individuals who will be primarily responsible for managing the investment of the assets of the Funds. In the event of the death, incapacity, departure, insolvency or withdrawal of any such individual, the performance of the Funds may be adversely affected.

Price fluctuations

The value of Shares and the income (if any) derived from them can go down as well as up.

Registration

There is generally a limited choice of service providers in emerging or developing economies or markets who can act as share registrars of underlying investments of a Fund as these share registrars may not be subject to effective government supervision, and it is possible for the Fund to lose its registration of underlying investments through default, fraud, negligence, or mere oversight on the part of such registrar. Such registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the affected Fund as a result thereof. Whilst such registrar and the relevant investee company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund would be able to successfully bring a claim against either of them as a result of such loss. Furthermore, these registrars of the underlying investments or the relevant investee company could wilfully refuse to recognise the Fund as registered holders of shares previously purchased by the Fund due to the destruction of the company's register.

Investments may also sometimes be evidenced in the form of confirmation delivered by local registrars, which are neither subject to effective oversight nor always independent from issuers. The possibility of fraud, negligence or refusal to recognise ownership exists, which could result in the registration of an investment being completely lost. Investors should be aware that such Funds could be exposed to a loss arising from such registration problems.

Regulatory

A Fund's investments are also subject to regulatory risks, for example, the introduction of new laws, the imposition of exchange controls (or additional controls or restrictions), the adoption of restrictive provisions by individual companies or where a limit on the holding of a Fund in a particular company, sector or country by non-residents (individually or collectively) has been reached. A Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of a Fund, the legal requirements to which that Fund and the Shareholders may be subject, could differ materially from current requirements.

Foreign investment in the primary and secondary securities markets of many emerging or developing economies or markets through which a Fund may invest is still at a nascent stage. Much of these economies' or markets' existing securities laws are ambiguous and/or have been developed to regulate direct investment by foreigners rather than portfolio investment.

Securities market laws and the regulatory environment for primary and secondary market investments by foreign investors are in the early stages of development, and remain untested. The regulatory framework of the primary and secondary securities markets is still in the development stage compared to many of the world's leading securities markets, and accordingly there may be a lower level of regulatory monitoring of the activities of these primary and secondary securities markets.

Changes in the regulatory environment for hedge funds may adversely affect the value of investments held by a Fund and/or the ability of that Fund to obtain the leverage it might otherwise obtain or to continue to implement its investment approach and achieve its investment objective. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. In addition, the regulatory or tax environment for derivative and related instruments and funds that engage in such transactions is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by a Fund. The effect of any future regulatory or tax change on the Company and/or any of the Funds is impossible to predict.

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the “hedge fund” and financial services industry in general. Certain legislation proposing greater regulation of the industry, such as the Dodd-Frank Act, is considered periodically by the US Congress as well as by the governments of non-US jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Company, the Funds, the Manager, any Investment Manager, any investment adviser, the markets in which the Funds trade and invest or the counterparties with which it does business may be instituted in the future. Any such laws or regulations may materially adversely affect a Fund’s ability to implement its investment approach and achieve its investment objective, as well as require increased transparency as to the identity of the Shareholders.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations, including but not limited to the CFTC, and exchanges are authorised to take extraordinary actions in the event of market emergencies including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps, futures and/or other derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental, regulatory and judicial actions. The effect of any future regulatory change on the Company and/or the Funds could be substantial and adverse including, for example, increased compliance costs, terms relating to margin, increased disclosure requirements, the prohibition of certain types of trading and/or the inhibition of a Fund’s ability to implement its investment approach and achieve its investment objective.

Restrictions on redemption and transfer of Shares

Although Shareholders may require the Company to redeem any or all of their Shares on any Dealing Day at the Net Asset Value per Share or may wish to transfer all or any of their Shares, certain restrictions on redemptions and transfers apply in certain circumstances.

Short selling

Subject to the terms of such Funds’ investment approach and restrictions, the investment portfolio of any Fund may include short positions. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the relevant Fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover the short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, if a sufficient number of market participants have entered into a short position, the short position may not react in the same way as a security would with no or limited short interest. In the case of a market downturn the short position may therefore not provide the investment return the Manager or the relevant Investment Manager expected.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Manager or the relevant Investment Manager may not be in a position to fully express its negative views in relation to certain securities,

companies or sectors and the ability of the Manager or the relevant Investment Manager, as applicable, to fulfil the investment objective of the relevant Fund may be constrained.

Tax considerations

Where the Company invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such withheld tax and so any such change could have an adverse effect on the Net Asset Value of the relevant Fund. Where the Company, in respect of any Fund, makes investments into other collective investments schemes, the relevant Fund will be subject to any specific tax considerations associated with such underlying schemes, and further details may be set out in the relevant Appendix.

Transaction costs

The investment approach of any Fund may involve a high level of trading and turnover of investments which may generate substantial transaction costs which will be borne by the relevant Fund.

Undervalued securities

One of the objectives of a Fund may be to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While investment in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments may not adequately compensate for the business and financial risks assumed.

The Company may, in respect of any Fund, make certain speculative investments in securities which the Manager, or the relevant Investment Manager, as applicable, believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued. In addition, the Company may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the relevant Fund's capital may be committed to the securities, thus possibly preventing the Company from investing in other opportunities in respect of that Fund. In addition, the Company may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

TAXATION

The following is based on the Company's understanding of certain aspects of the law and practice currently in force in the Cayman Islands and Hong Kong. There can be no guarantee that the tax position or proposed tax position at the date of this Offering Memorandum or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Cayman Islands

The Company has received from the Governor-in-Cabinet of the Cayman Islands an undertaking that, in accordance with section 6 of the Tax Concessions Law (1999 Revision), for a period of 20 years from 9 November 2010 no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to the Company and that no tax in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of the Company.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profits or gains of the Company and dividends (if any) of the Company will be payable to Shareholders without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares in the Company. The Cayman Islands is not a party to a double-taxation treaty with any country other than the United Kingdom.

Hong Kong

The Company has not registered, and does not intend to register, a branch in Hong Kong pursuant to Part 16 of the Companies Ordinance (Cap 622) of Hong Kong. It is not intended that the Company will have any place of business in Hong Kong. However, the Company may be considered to have a permanent establishment in Hong Kong by virtue of the activities of the Manager. As such no assurance can be given that the Company, notwithstanding being incorporated offshore Hong Kong, will not be considered by the Hong Kong Inland Revenue Department to be subject to Hong Kong profits tax. It is intended that the affairs of the Company will be conducted and managed in a manner which seeks to minimise any potential liability to Hong Kong profits tax.

Hong Kong imposes profits tax at a flat rate of 16.5% on incorporated persons, such as the Company, on profits (i) which have a Hong Kong source, and (ii) which are attributable to a trade, business or profession carried on in Hong Kong. Capital gains derived from the sale of investments generally are not generally considered to be profits for Hong Kong tax purposes, and thus are not subject to any Hong Kong tax. However, gains which are considered to be derived from a trading activity as opposed to mere investment activity carried on in Hong Kong may potentially be subject to Hong Kong profits tax.

There is no Hong Kong withholding tax on dividends and interest.

Under the Revenue Ordinance (the "Ordinance"), as amended by the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance, the Company should be exempted from potential profits tax liability in respect of certain transactions, provided the specific requirements under the Ordinance are met.

Distributions by the Company in the hands of Shareholders should generally not be subject to Hong Kong profits tax. The Ordinance, however, contains certain anti-avoidance and "round-tripping" provisions which deem certain Hong Kong residents to have derived assessable profits from an

offshore fund from securities transactions by the offshore fund notwithstanding the offshore fund itself is exempted and despite no distribution being made by the offshore fund. These deeming provisions may apply, inter alia, where the Hong Kong resident, alone or with his associates, holds 30% or more of the beneficial interest in the relevant offshore fund or where such Hong Kong resident is an associate of the offshore fund.

If a Fund is authorised by the SFC under the SFO profits of that Fund arising from the sale or disposal of securities, net investment income received by or accruing to that Fund and other profits of that Fund will be exempt from profits tax.

The registers of members of the Company will be maintained outside Hong Kong. Accordingly the Shares will not constitute Hong Kong stock for the purposes of the Stamp Duty Ordinance (Cap 117) of Hong Kong and a charge to Hong Kong stamp duty should not arise on the redemption or transfer of any Shares. There are no exchange controls in Hong Kong.

European Union Savings Directive

The EU Council Directive 2003/48/EC on the taxation of savings income (the “Directive”) has been in force since 1 July 2005. Under the terms of the Directive, payments of savings income made by a paying agent (located in an EU Member State, or so called dependent/associated territories and “third countries” including the Cayman Islands) to individuals (and certain “residual entities”) resident in another EU Member State must be reported to the tax authorities or equivalent authorities. Certain territories have opted for a withholding tax system instead of a reporting system during a transitional period.

Savings income as defined in the Directive can include distributions, sales proceeds, transfer payments in respect of investment funds including sub-funds which are invested in cash, debt and similar assets.

Under the terms of the Directive, as implemented within the Cayman Islands, the Company and its Funds are not within the scope of the Directive, which currently only applies to Cayman Islands investment funds regulated under Section 5 of the Mutual Funds law.

The European Commission has since 2008 considered revisions to the Directive which could result in a broader range of investment funds being included within the scope of the Directive. As at the date of this Offering Memorandum, it is not known whether and if so when, the amending proposal will become law.

Investors are advised to seek professional advice in relation to the specific laws and regulations which may be relevant to their investment in the funds.

Foreign Account Tax Compliance Act

On 29 November 2013, the Cayman Islands government entered into an inter-governmental agreement with the US (the “US IGA”) in connection with the implementation of FATCA. The US IGA is intended to result in the automatic exchange of tax information under FATCA. The two governments have also signed a Tax Information Exchange Agreement which outlines the legal channels through which tax information will automatically be exchanged.

On 4 July 2014, the Cayman Islands government issued the Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 (as amended) (the “US FATCA Regulations”) to accompany the Tax Information Authority Law (2014 Revision) (the “TIA Law”). The US FATCA Regulations implement the provisions of the US IGA. The US FATCA Regulations provide for the identification of and reporting on certain direct and indirect US investors who are US citizens, and impact the Fund and its investors.

Investors in the Fund will be required to provide identifying information to the Fund in order for the Fund to correctly classify the investor for the purposes of FATCA, and should note that in the event an investor does not supply such information on request, such investor may be classified as a 'US Reportable Account' and information pertaining to such investor (and its holding in the Fund) may be passed to the Cayman Islands Tax Information Authority or its delegate (the "TIA"), who may then provide it to the United States Internal Revenue Service (the "IRS"). Each investor should also note that any information provided to the Fund which identifies its direct or indirect ownership of an interest in the Fund may be reported to the TIA and/or the IRS.

In addition, the Cayman Islands government entered into an inter-governmental agreement with the United Kingdom (the "UK IGA") on 5 November 2013. On 4 July 2014, the Cayman Islands government issued the Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations, 2014 (as amended) (the "UK FATCA Regulations") to accompany the TIA Law to implement the UK IGA. The UK FATCA Regulations provide for the identification of and reporting on certain direct and indirect UK investors, and impact the Fund and its investors.

The Fund will be required to report to the TIA under the UK FATCA Regulations and will accordingly need to identify and undertake prescriptive due diligence on 'UK Reportable Accounts', being financial accounts held by United Kingdom tax resident individuals or entities controlled by United Kingdom tax resident persons. In this regard, the Fund may request further information from an investor in order to identify UK Reportable Accounts and in order to comply with its obligations under the UK FATCA Regulations. The TIA may then provide this information to Her Majesty's Revenue and Customs.

On 29 October 2014, the Cayman Islands along with 50 other jurisdictions signed a Multilateral Competent Authority Agreement to demonstrate its commitment to implement the CRS. On 16 October 2015, the Cayman Islands government issued the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 (as amended) (the "CRS Regulations") to accompany the TIA Law to implement the CRS. Entities classified as Cayman Islands Reporting Financial Institutions ("Reporting FIs"), which encompasses custodial institutions, depositary institutions, investment entities and specified insurance companies, are required to meet the obligations under the CRS Regulations. Reporting FIs are required to have updated on-boarding procedures in place to identify and perform prescribed due diligence on 'Reportable Accounts'. Reportable Accounts consist of custodial/bank accounts (for custodial institutions or depositary institutions), equity or debt interests (for investment entities), insurance policies (for specified insurance companies), in each case held by or controlled by any person or entity which is resident for tax purposes in any jurisdiction contained in the list of participating jurisdictions issued by the DITC. Reporting FIs will need to report annually to the Department of International Tax Cooperation of the Cayman Islands (the "DITC") for the purposes of the CRS. The first reports to the DITC are due by 31 May 2017 in respect of new accounts opened during the 2016 calendar year. Reports filed with the DITC will be exchanged between the DITC and partnering tax authorities in the participating jurisdictions.

With more than 80 countries having since agreed to implement the CRS, which will impose similar reporting and other obligations as the US IGA and/or the UK IGA with respect to investors who are tax resident in other signatory jurisdictions, the scope of the Fund's reporting obligations to the TIA will substantially increase, as will the level of dissemination of account information by the TIA to tax authorities around the globe. The Cayman Islands government may also enter into additional agreements with other third countries in the future, and additional countries may adopt CRS, which will likely further increase the reporting and/or withholding obligations of the Fund.

Each investor acknowledges that the Fund may take such action as it considers necessary in relation to such investor's holding to ensure that any withholding tax payable by the Fund, and any related costs, interest, penalties and other losses and liabilities suffered by the Fund, the Administrator or any other investor, or any agent, delegate, employee, director, officer or affiliate of

any of the foregoing persons pursuant to FATCA, arising from such investor's failure to provide the requested information to the Fund, is economically borne by such investor.

Prospective investors should consult their own tax advisor with regard to the US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Company or any Fund.

Exchange of tax information

The Cayman Islands has implemented a legal and regulatory regime that the OECD has recognised as generally complying with internationally agreed standards for transparency and exchange of information for tax purposes. Furthermore, the Cayman Islands is currently treated by the OECD as a jurisdiction that has substantially implemented the internationally agreed tax standard (as developed by the OECD in co-operation with non-OECD countries and endorsed by G20 Finance Ministers and by the United Nations Committee of Experts on International Co-operation in Tax Matters). The implementation of this standard, which requires exchange of information on request in all tax matters (including FATCA) for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes, has involved the Cayman Islands entering into a number of bilateral tax information exchange agreements, and also the enactment of a unilateral mechanism for the Cayman Islands to provide relevant information on request to certain other specified jurisdictions.

Consequently, the Company, or any of its directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2014 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Company and any of its directors or agents, may be prohibited from disclosing that the request has been made.

Accordingly, each Shareholder should be aware that in accordance with such arrangements (as extended or varied from time to time to comply with then current international standards, to the extent adopted by the Cayman Islands or any other relevant jurisdiction), relevant information concerning it and/or its investment in a Fund may be provided to any relevant tax authority.]

General

The receipt of dividends (if any) by Shareholders, the redemption, exchange or transfer of Shares and any distribution on a winding-up of the Company may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Company. The Directors, the Company and the Company's agents (including the Administrator, the Administrator's Delegate and the Custodian) have no liability in respect of the individual tax affairs of Shareholders.

Where specified in the relevant Appendix, distributions may be made by the Company by way of dividend in respect of a Fund. Investors in some jurisdictions may incur a higher rate of tax on distributions than might be the case on any capital gains which are realised by that investor upon redemption or disposal of its Shares. Some investors may therefore prefer to subscribe for Accumulation Shares instead of the Distribution Shares. Shareholders may be taxed at a later point in time on income and capital gains arising in respect of Accumulation Shares than might be the case with respect to Distribution Shares.

Monthly distributions may be made in respect of Distribution Shares before any deduction or accrual for fees and expenses. Such distributions may be made out of capital or capital gains. Distributions out of capital or capital gains may cause a reduction of an investor's original capital invested in the Fund. Furthermore, any distributions from income and/or involving the Fund's capital and/or capital gains may result in an immediate reduction of the Net Asset Value per Share of the Fund.

GENERAL AND STATUTORY INFORMATION

The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association of the Company and material contracts described below and is provided subject to the general provisions of each of such documents.

The Company

The Company is segregated portfolio company incorporated with limited liability in the Cayman Islands on 29 October 2010 and registered as a segregated portfolio company under the provisions of the Companies Law (as amended) of the Cayman Islands. Its constitution is defined in its Memorandum and Articles of Association. The Company's objects, as set out in Clause 3 of its Memorandum of Association, are unrestricted and so include the carrying on of the business of an investment company.

The Company has been registered as a regulated "mutual fund" under Section 4(3) of the Mutual Funds Law and will comply with the provisions of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its investment activities.

Base currency

The base currency of the Company and, unless otherwise specified in the relevant Appendix, of each Fund is the Renminbi.

Share capital

The Company has an authorised share capital of RMB13,000,100 and USD1,000,000 and EUR1,000,000 divided into: (i) 100 Founder Shares of RMB1.00 par value each; (ii) 779,959,993.70 segregated portfolio shares of RMB0.01 par value each which may be issued as Shares; (iii) 520,000 segregated portfolio shares of RMB10 par value each which may be issued as Shares; (iv) 40,006,300 segregated portfolio shares of RMB0.00001 par value each which may be issued as Shares; (v) 100,000,000 segregated portfolio shares of USD0.01 par value each which may be issued as Shares; and (vi) 100,000,000 segregated portfolio shares of EUR0.01 par value each which may be issued as Shares.

The authorised share capital of the Company may be increased or reduced subject to the provisions of the Articles and the Companies Law (as amended) of the Cayman Islands. The Directors are authorised under the Articles to resolve from time to time the Class and Fund to which Shares are to be designated and/or redesignated.

The Founder Shares are held by Intertrust as trustee of UBS (CAY) Investment Fund SPC Star Trust, pursuant to a declaration of trust by the trustee, and acknowledged by GTCS Enforcers Limited as the enforcer.

The Articles provide that unissued ordinary shares of the Company are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Directors may determine. All ordinary shares will be issued in registered form only.

Prospective investors should note that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on the holders of ordinary shares of the Company or Founder Shares.

No capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

Rights of the Founder Shares

The Founder Shares carry no right to dividends and on a winding up rank only for the return of the capital paid up thereon after the return of the capital paid up on the Shares. Founder Shares are not redeemable.

The holders of the Founder Shares have the exclusive right to vote (to the exclusion of the holders of the Shares) in respect of: (i) the appointment or removal of any Director; (ii) any alteration or amendment of the authorised share capital of the Company; (iii) any change in the name of the Company or any Fund; (iv) the winding up of the Company; and (v) any resolution to approve an application to the SFC for the authorisation of the Company and/or any Fund pursuant to section 104 of the SFO and any change to the Articles as may be required in connection with such an application. The holders of the Founder Shares may, at any time, resolve to relinquish their right to appoint and remove Directors and in that event, such right will vest in the holders of the Shares to be exercised by ordinary resolution.

Subject to the foregoing, the holders of Founder Shares are not entitled to any votes in respect of the Founder Shares held by them except during any period when there are no Shares in issue, in which event each holder of Founder Shares is entitled to one vote for each such Founder Share held by him.

Rights of the Shares

The Shares of a particular Class carry an equal right to such dividends and other distributions as the Directors may declare. Except where voting rights attach exclusively to the Founder Shares, on a show of hands at a general meeting of the Company every Shareholder who is present in person or by proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him. On a winding-up, the Shares are entitled, in priority to the Founder Shares, to the return of the capital paid up thereon and the surplus assets of the Company attributable to each Class in the relevant Fund will be distributed among the holders of Shares of that Class according to the number of such Shares held by each of them.

Change in share capital

The Company may increase or reduce its authorised share capital, divide all or any of its share capital into shares of smaller amount or combine all or any of its share capital into shares of larger amount.

Variation of rights attaching to a Class

For so long as the authorised share capital is divided into different classes of Shares, the rights attached to any Class may only be materially and adversely varied with the sanction of a special resolution passed at a general meeting of the holders of the Shares of that Class. For such purposes the Directors may treat all Classes as forming one class if they consider that all such Classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate Classes.

Any resolution by the holders of the Founder Shares to relinquish their right to appoint and remove Directors or to approve an application to the SFC for the authorisation of the Company and/or any Fund pursuant to section 104 of the SFO or any change to the Articles as may be required in connection with such an application will not be deemed to vary the rights of any class of Shares.

Meetings and voting rights

One or more Shareholders present in person or by proxy who are entitled to vote and are registered as the holders of, in aggregate, not less than 10% of the Shares then in issue and carrying the right

to vote shall be a quorum for all purposes at any general meeting of the Company (save where there is only one Shareholder then such Shareholder shall be a quorum), provided that for the purposes of considering a resolution which is to be proposed as a special resolution at least one or more Shareholders present in person or by proxy who are entitled to vote and are registered as the holders of, in aggregate, not less than 25% of the Shares then in issue and carrying the right to vote shall be a quorum (save where there is only one Shareholder then such Shareholder shall be a quorum).

Subject to any special terms as to voting upon which any Shares in the Company may be issued or may for the time being be held, at any general meeting on a poll every member who is present in person or by proxy shall have one vote for every share held by him which carries the right to vote.

To be passed, resolutions (other than special resolutions) of the Company in general meeting require a simple majority of the votes cast at the meeting at which the resolution is proposed. A special resolution is a resolution which is passed by not less than three quarters of such members of the Company for the time being entitled to vote as may be present, in person or by proxy, and includes a unanimous written resolution, at any general meeting of which notice specifying the intention to propose such resolution as a special resolution has been duly given.

Segregated portfolios

The Articles provide that the Directors may from time to time establish one or more segregated portfolios (each, a "Fund"). Each Fund shall be separately designated by reference to a name that includes the words "Segregated Portfolio". The Directors shall identify:

- (a) each asset as either a General Asset or a Fund Asset and in the case of a Fund Asset, the Fund to which it is attributed;
- (b) each liability as being that of a creditor in respect of a particular Fund (a "Fund Creditor") and/or a general creditor and in the case of a Fund Creditor, the Fund of which such person is a creditor; and
- (c) each Class by reference to a Fund.

The proceeds from the issue of Shares of each Class shall be applied to the Fund in respect of which that Class is issued. The assets and liabilities and income and expenditure attributable to that Fund shall be applied to such Fund and, subject to the provisions of the Articles, to no other Fund.

The assets held in each Fund shall be applied solely in respect of the liabilities of such Fund in accordance with the provisions of the Companies Law (as amended) of the Cayman Islands. Any surplus in a Fund shall be held, subject to the provisions of the Companies Law (as amended) of the Cayman Islands and the Articles, for the benefit of the holders of the relevant Shares attributed to such Fund.

Income, receipts and other property or rights of or acquired by the Company not otherwise attributable to any Fund shall be applied to and comprised in the General Assets. Liabilities of the Company not attributable to any particular Fund shall be discharged from the General Assets.

The Directors may transfer Fund Assets to the General Assets (and, if more than one Fund is then in existence, pro rata in proportion to the Net Asset Value of each Fund or in such other proportion as the Directors may determine) in order to discharge the following liabilities: establishment costs and expenses of the Company, government registration fees, annual return fees, professional fees, service provider fees, the cost of insurance for the benefit of the Directors, taxes, fines and penalties and any other liabilities necessarily incurred in maintaining the continued existence and good standing of the Company.

Transfer of Shares

Subject to the restrictions set out under “Subscriptions” above, Shares are transferable by written instrument of transfer signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and the transferee and containing the name and address of the transferor and the transferee. The instrument of transfer shall be in such form as the Directors approve.

In the case of the death of any one of joint Shareholders, the survivor(s) will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.

Shareholders wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer, duly stamped if applicable, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the register of Shareholders. If the transferee is not already a Shareholder, he will be required to complete a subscription application and comply with all eligibility and identification requirements for an applicant for Shares.

No transfer may be made which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares valued at less than the Minimum Holding at the time of such intended transfer.

The Directors may suspend the registration of transfers for not more than a total of thirty days in any year. The Directors decline to register a transfer without giving any reason for doing so.

Compulsory redemption

Shareholders are required to notify the Company and the Administrator immediately if at any time they become a US Person or hold Shares for the account or benefit of a US Person or are otherwise an Ineligible Applicant.

When the Directors become aware that a Shareholder: (A) has become an Ineligible Applicant; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Company or its Shareholders; or (C) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors may either (i) direct such Shareholder to redeem the relevant Shares or to transfer them to a person who is qualified or entitled to own or hold such Shares or (ii) redeem the relevant Shares.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless each of the Directors, the Company, the Manager, the Administrator and the Shareholders (each an “Indemnified Party”) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

The Directors may redeem Shares which have been issued pursuant to a valid subscription application but in respect of which subscription monies in cleared funds have not been received from the relevant applicant by the applicable time specified to in the section headed “Subscriptions”.

The Directors may redeem Shares held by a Shareholder if such Shareholder’s holding is less than the relevant Minimum Holding or if such Shareholder’s holding is inconsistent with any requirement

described in the relevant Appendix as being applicable to the rights or restrictions attaching to the relevant Class, as set out in further detail in the section headed “Redemptions”.

The Directors may redeem Shares where during a period of six years no cheque in respect of any dividend on the Shares has been cashed and no acknowledgement has been received in respect of any confirmation of ownership of the Shares sent to the Shareholder and require the redemption proceeds to be held in a separate interest-bearing account. Any unclaimed dividends may be forfeited after six years and, on forfeiture, form part of the assets of the Company.

The Directors may resolve to redeem compulsorily all outstanding Shares in respect of a Fund if the Net Asset Value of the Fund falls below USD50 million (or its equivalent in another currency) or such other amounts as the Directors may from time to time determine either generally or in respect of any Fund and as may be specified in the relevant Appendix. In addition, the Directors may resolve to redeem compulsorily all outstanding Shares of a Class if the Net Asset Value of the relevant Class Account is at any time below USD10 million (or its equivalent in another currency) or such other amount as the Directors may from time to time determine either generally or in respect of any Fund and as may be specified in the relevant Appendix.

The Directors may also redeem compulsorily all outstanding Shares in respect of a Fund where a limited duration or term is fixed for the Fund and specified in the relevant Appendix.

Directors' interests

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Company and the Shares are set out below:

- (a) Mr Egloff is an employee of the Manager which receives a Management Fee and may also receive a Fund Servicing Fee and/or a Performance Fee in respect of its services as Manager of the Company. Mr Lee is an employee of UBS Asset Management (Singapore) Ltd, which has been appointed as the Investment Manager of certain Funds and which receives a fee in respect of its services as Investment Manager of the relevant Funds. Mr Herrick is a vice president of Intertrust, which holds the Founder Shares and which receives a fee from the Company for the provision of a Director pursuant to a directors services agreement.
- (b) There are no existing or proposed service agreements between the Company and any of the Directors, except in respect of Mr Herrick.
- (c) No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees, including the Manager may, however, subscribe for Shares in the Company.
- (d) Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Company and no Director has a material interest in any contract or arrangement entered into by the Company which is unusual in nature or conditions or significant in relation to the business of the Company, nor has any Director had such an interest since the Company was incorporated.

Directors' remuneration

The remuneration of the Directors is determined by a resolution of the Directors. Currently Mr Herrick is entitled to receive: (i) a one-time set up fee of USD2,500 on the creation of any new Fund; (ii) a fee of USD12,500 per annum; and (iii) a further USD2,500 per annum for each Fund in existence. Mr Egloff and Mr Lee have each waived their entitlement to receive a fee. The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and

returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

Transactions with Directors

- (a) No agreement or transaction between the Company and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction, or that the vote or consent of that Director is counted for that purpose, provided that the material facts of the interest of each relevant Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.
- (b) A Director who has an interest in any particular business to be considered at a meeting of the Directors or Shareholders may be counted for the purpose of determining whether the meeting is duly constituted and may vote at such meeting.

Retirement of Directors

There is no provision for the retirement of Directors on their attaining a certain age and the Articles do not provide for retirement of Directors by rotation.

Borrowing

As at the date of this document, the Company does not have any loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, or guarantees or other contingent liabilities.

The Directors are authorised under the Articles to exercise all powers of the Company to borrow money.

Indemnity

The Directors and other officers of the Company are entitled to be indemnified by the Company against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses (including, without limitation, legal fees and expenses incurred in defence of any demands, claims or legal proceedings) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against any such Director or other officer in the performance of his or her functions and duties for the Company and/or for any person connected with the Company to the fullest extent permitted by applicable law and regulation (all of the foregoing being the "Indemnified Amounts"). However, the Company shall have no obligation to indemnify any Director or other officer in respect of any Indemnified Amounts to the extent any such Indemnified Amounts resulted from the negligence, wilful default or fraud of such Director or other officer.

Restriction on Auditors' liability

The Company has entered into an engagement letter with PricewaterhouseCoopers, Cayman Islands (the "Auditors").

PricewaterhouseCoopers, Cayman Islands has been appointed as the auditors for the Company and will provide annual audit services. Under the standard terms of the annual engagement letter

which the Company has entered into with the Auditors, the Auditors' liability is capped. The liability cap is three times the fees paid to the Auditors by the Company under the engagement letter, except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour of the Auditors. Other provisions expected to be contained in the annual engagement letter include release and indemnity provisions by which the Company will indemnify the Auditors, relating to consequential loss, any and all third party claims, costs and expenses relating to the services provided and claims resulting from fraudulent acts or omissions, misrepresentations or wilful default on the part of the directors, employees or agents of the Company.

Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company which are, or may be, material:

- (a) A *Management Agreement* dated 19 November 2010 between (1) the Company, and (2) the Manager pursuant to which the Company has appointed the Manager to act as the manager to the Company.
- (b) In respect of each Fund, an *Administration Agreement* between (1) the Company on behalf of and for the account of the relevant Fund and (2) the Administrator, pursuant to which the Company on behalf of and for the account of such Fund has appointed the Administrator to act as the administrator, registrar and transfer agent of such Fund and to provide certain administrative services to such Fund.
- (c) In respect of each Fund, a *Custodian Agreement* between (1) the Company on behalf of and for the account of the relevant Fund and (2) the Custodian, pursuant to which the Company on behalf of and for the account of such Fund has appointed the Custodian to act as the custodian of the investments and uninvested cash (outside of the PRC) of such Fund.

Winding up

The Company may be wound up by a special resolution of the holders of the Founder Shares.

On a winding up, the general assets of the Company not attributable to any particular Fund will be paid to the holder of the Founder Shares until such holder has received an amount equal to the par value of the Founder Shares and the balance, if any, will be transferred to the Funds in proportion which the Net Asset Value of each Fund bears to the aggregate Net Asset Value of all the Funds of the Company. The net assets of a Fund will then be allocated between the different classes of Shares in the same manner as when determining the Net Asset Value per Share of each class and the amount attributable to each class of Shares will be paid to the holders of each such class pro rata in relation to the number of Shares of the relevant class held.

Documents available for inspection

Copies of the following documents may be inspected free of charge during normal business hours on any week day (Saturdays and public holidays excepted) in Hong Kong at the office of the Manager:

- (a) the Articles;
- (b) the agreements referred to under "Material contracts" above; and
- (c) the Companies Law (as amended) of the Cayman Islands; and
- (d) the Mutual Funds Law (as amended) of the Cayman Islands.

Copies of the Articles and the latest financial reports of the Company may be obtained from the Manager, and on request at the registered office of the Company.

Enquiries and complaints handling

Investors may contact the Manager for any queries or complaints in relation to the Company or any Fund, by writing to the Manager (at its address 52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong). The Manager will respond to any enquiry or complaint in writing.

Supervising regulatory authority

The Company is subject to the regulatory supervision of the Cayman Islands Monetary Authority, PO Box 10052, 80e Shedden Road, Elizabethan Square, Grand Cayman KY1-1001, Cayman Islands (Tel: (345) 244 1591).

Miscellaneous

- (a) Since the date of its incorporation, the Company has not commenced trading nor paid or declared a dividend.
- (b) Save as disclosed herein, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Company in connection with the issue of the Shares.
- (c) Save as disclosed herein, no amount or benefit has been paid or given, or is intended to be paid or given, to any promoter.
- (d) No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- (e) The Company is not, nor has been since its incorporation, engaged in any litigation or arbitration and the Directors are not aware of any litigation or arbitration or claims pending or threatened against the Company.
- (f) The Company has not established and does not intend to establish a place of business in Hong Kong.
- (G) The Company has no subsidiaries and no employees.

STRICTLY PRIVATE AND CONFIDENTIAL

APPENDIX 1 TO OFFERING MEMORANDUM

This Appendix forms part of and is, unless otherwise stated, qualified in its entirety by the contents of the Offering Memorandum dated June 2016 (the “Offering Memorandum”) in respect of UBS (CAY) Investment Fund SPC (the “Company” or “UBS (CAY) Investment Fund”). This Appendix should only be read in conjunction with the Offering Memorandum.

This Appendix relates only to Shares of the UBS Renminbi Diversified Fund Segregated Portfolio (the “Fund” or “UBS Renminbi Diversified Fund”).

UBS (CAY) Investment Fund SPC

(an open-ended segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Renminbi Diversified Fund Segregated Portfolio

(a sub-fund and segregated portfolio of the Company)

June 2016

UBS RENMINBI DIVERSIFIED FUND

The following information relates to the UBS Renminbi Diversified Fund, a segregated portfolio of UBS (CAY) Investment Fund. Accordingly references in this Appendix to “Fund” and “Shares” relate to UBS Renminbi Diversified Fund and Shares attributed to it respectively.

DEFINITIONS

“A-Shares”	shares issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic PRC investors, QFIIs and RQFIIs and through Stock Connect.
“B-Shares”	shares issued by companies incorporated in the PRC and listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the PRC, which are traded in foreign currencies and available for investment by domestic PRC investors and foreign investors.
“Class A Shares”	the Class A (CHF) Shares, the Class A (CHF hedged to USD) Shares, the Class A (EUR) Shares, the Class A (EUR hedged to USD) Shares, the Class A (HKD) Shares, the Class A (JPY) Shares, the Class A (JPY hedged to USD) Shares, the Class A (RMB) Shares, the Class A (SGD) Shares, the Class A (SGD hedged to USD) Shares and/or the Class A (USD) Shares, as the context requires.
“Class A (CHF) Share”	a Share whose reference currency is Swiss francs and designated as a Class A (CHF) Share.
“Class A (CHF hedged to USD) Share”	a Share whose reference currency is Swiss francs and designated as a Class A (CHF hedged to USD) Share.
“Class A (EUR) Share”	a Share whose reference currency is Euros and designated as a Class A (EUR) Share.
“Class A (EUR hedged to USD) Share”	a Share whose reference currency is Euros and designated as a Class A (EUR hedged to USD) Share.
“Class A (HKD) Share”	a Share whose reference currency is Hong Kong dollars and designated as a Class A (HKD) Share.
“Class A (JPY) Share”	a Share whose reference currency is Japanese Yen and designated as a Class A (JPY) Share.
“Class A (JPY hedged to USD) Share”	a Share whose reference currency is Japanese Yen and designated as a Class A (JPY hedged to USD) Share.
“Class A (RMB) Share”	a Share whose reference currency is Renminbi and designated as a Class A (RMB) Share.
“Class A (SGD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class A (SGD) Share.
“Class A (SGD hedged to USD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class A (SGD hedged to USD) Share.

"Class A (USD) Share"	a Share whose reference currency is USD and designated as a Class A (USD) Share.
"Class A-mdist Share"	the Class A-mdist (AUD) Shares, the Class A-mdist (AUD hedged to USD) Shares, the Class A-mdist (CHF) Shares, the Class A-mdist (CHF hedged to USD) Shares, the Class A-mdist (EUR) Shares, the Class A-mdist (EUR hedged to USD) Shares, the Class A-mdist (GBP) Shares, the Class A-mdist (GBP hedged to USD) Shares, the Class A-mdist (HKD) Shares, the Class A-mdist (JPY) Shares, the Class A-mdist (JPY hedged to USD) Shares, the Class A-mdist (NZD) Shares, the Class A-mdist (NZD hedged to USD) Shares, the Class A-mdist (RMB) Shares, the Class A-mdist (SGD) Shares, the Class A-mdist (SGD hedged to USD) Shares and/or the Class A-mdist (USD) Shares, as the context requires.
"Class A-mdist (AUD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class A-mdist (AUD) Share.
"Class A-mdist (AUD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class A-mdist (AUD hedged to USD) Share.
"Class A-mdist (CHF) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A-mdist (CHF) Share.
"Class A-mdist (CHF hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A-mdist (CHF hedged to USD) Share.
"Class A-mdist (EUR) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A-mdist (EUR) Share.
"Class A-mdist (EUR hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A-mdist (EUR hedged to USD) Share.
"Class A-mdist (GBP) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class A-mdist (GBP) Share.
"Class A-mdist (GBP hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class A-mdist (GBP hedged to USD) Share.
"Class A-mdist (HKD) Share"	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class A-mdist (HKD) Share.
"Class A-mdist (JPY) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A-mdist (JPY) Share.

"Class A-mdist (JPY hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A-mdist (JPY hedged to USD) Share.
"Class A-mdist (NZD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class A-mdist (NZD) Share.
"Class A-mdist (NZD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class A-mdist (NZD hedged to USD) Share.
"Class A-mdist (RMB) Shares"	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class A-mdist (RMB) Share.
"Class A-mdist (SGD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A-mdist (SGD) Share.
"Class A-mdist (SGD hedged to USD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A-mdist (SGD hedged to USD) Share
"Class A-mdist (USD) Shares"	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A-mdist (USD) Share.
"Class K-1 Shares"	the Class K-1 (CHF) Shares, the Class K-1 (CHF hedged to USD) Shares, the Class K-1 (EUR) Shares, the Class K-1 (EUR hedged to USD) Shares, the Class K-1 (HKD) Shares, the Class K-1 (JPY) Shares, the Class K-1 (JPY hedged to USD) Shares, the Class K-1 (RMB) Shares, the Class K-1 (SGD) Shares, the Class K-1 (SGD hedged to USD) Shares and/or the Class K-1 (USD) Shares, as the context requires.
"Class K-1 (CHF) Share"	a Share whose reference currency is Swiss francs and designated as a Class K-1 (CHF) Share.
"Class K-1 (CHF hedged to USD) Share"	a Share whose reference currency is Swiss francs and designated as a Class K-1 (CHF hedged to USD) Share.
"Class K-1 (EUR) Share"	a Share whose reference currency is Euros and designated as a Class K-1 (EUR) Share.
"Class K-1 (EUR hedged to USD) Share"	a Share whose reference currency is Euros and designated as a Class K-1 (EUR hedged to USD) Share.
"Class K-1 (HKD) Share"	a Share whose reference currency is Hong Kong dollars and designated as a Class K-1 (HKD) Share.
"Class K-1 (JPY) Share"	a Share whose reference currency is Japanese Yen and designated as a Class K-1 (JPY) Share.
"Class K-1 (JPY hedged to USD) Share"	a Share whose reference currency is Japanese Yen and designated as a Class K-1 (JPY hedged to USD) Share.

USD) Share"	as a Class K-1 (JPY hedged to USD) Share.
"Class K-1 (RMB) Share"	a Share whose reference currency is Renminbi and designated as a Class K-1 (RMB) Share.
"Class K-1 (SGD) Share"	a Share whose reference currency is Singapore dollars and designated as a Class K-1 (SGD) Share.
"Class K-1 (SGD hedged to USD) Share"	a Share whose reference currency is Singapore dollars and designated as a Class K-1 (SGD hedged to USD) Share.
"Class K-1 (USD) Share"	a Share whose reference currency is USD and designated as a Class K-1 (USD) Share.
"Class K-1-mdist Share"	the Class K-1-mdist (AUD) Shares, the Class K-1-mdist (AUD hedged to USD) Shares, the Class K-1-mdist (CHF) Shares, the Class K-1-mdist (CHF hedged to USD) Shares, the Class K-1-mdist (EUR) Shares, the Class K-1-mdist (EUR hedged to USD) Shares, the Class K-1-mdist (GBP) Shares, the Class K-1-mdist (GBP hedged to USD) Shares, the Class K-1-mdist (HKD) Shares, the Class K-1-mdist (JPY) Shares, the Class K-1-mdist (JPY hedged to USD) Shares, the Class K-1-mdist (NZD) Shares, the Class K-1-mdist (NZD hedged to USD) Shares, the Class K-1-mdist (RMB) Shares, the Class K-1-mdist (SGD) Shares, the Class K-1-mdist (SGD hedged to USD) Shares and/or the Class K-1-mdist (USD) Shares, as the context requires.
"Class K-1-mdist (AUD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class K-1-mdist (AUD) Share.
"Class K-1-mdist (AUD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class K-1-mdist (AUD hedged to USD) Share.
"Class K-1-mdist (CHF) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class K-1-mdist (CHF) Share.
Class K-1-mdist (CHF hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class K-1-mdist (CHF hedged to USD) Share.
"Class K-1-mdist (EUR) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class K-1-mdist (EUR) Share.
"Class K-1-mdist (EUR hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class K-1-mdist (EUR hedged to USD) Share.
"Class K-1-mdist (GBP) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class K-1-mdist (GBP) Share.

"Class K-1-mdist (GBP hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class K-1-mdist (GBP hedged) Share.
"Class K-1-mdist (HKD) Share"	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class K-1-mdist (HKD) Share.
"Class K-1-mdist (JPY) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class K-1-mdist (JPY) Share.
"Class K-1-mdist (JPY hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class K-1-mdist (JPY hedged) Share.
"Class K-1-mdist (NZD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class K-1-mdist (NZD) Share.
"Class K-1-mdist (NZD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class K-1-mdist (NZD hedged) Share.
"Class K-1-mdist (RMB) Shares"	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class K-1-mdist (RMB) Share.
"Class K-1-mdist (SGD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class K-1-mdist (SGD) Share.
"Class K-1-mdist (SGD hedged to USD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class K-1-mdist (SGD hedged) Share
"Class K-1-mdist (USD) Shares"	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class K-1-mdist (USD) Share.
"Class Q Shares"	the Class Q (CHF) Shares, the Class Q (CHF hedged to USD) Shares, the Class Q (EUR) Shares, the Class Q (EUR hedged to USD) Shares, the Class Q (HKD) Shares, the Class Q (JPY) Shares, the Class Q (JPY hedged to USD) Shares, the Class Q (RMB) Shares, the Class Q (SGD) Shares, the Class Q (SGD hedged to USD) Shares and/or the Class Q (USD) Shares, as the context requires.
"Class Q (CHF) Share"	a Share whose reference currency is Swiss Francs and designated as a Class Q (CHF) share.
"Class Q (CHF hedged to USD) Share"	a Share whose reference currency is Swiss Francs and designated as a Class Q (CHF hedged to USD) share.
"Class Q (EUR) Share"	a Share whose reference currency is Euros and designated as a

	Class Q (EUR) Share.
“Class Q (EUR hedged to USD) Share”	a Share whose reference currency is Euros and designated as a Class Q (EUR hedged to USD) Share.
“Class Q (HKD) Share”	a Share whose reference currency is Hong Kong dollars and designated as a Class Q (HKD) Share.
“Class Q (JPY) Share”	a Share whose reference currency is Japanese Yen and designated as a Class Q (JPY) Share.
“Class Q (JPY hedged to USD) Share”	a Share whose reference currency is Japanese Yen and designated as a Class Q (JPY hedged to USD) Share.
“Class Q (RMB) Share”	a Share whose reference currency is Renminbi and designated as a Class Q (RMB) Share.
“Class Q (SGD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class Q (SGD) Share.
“Class Q (SGD hedged to USD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class Q (SGD hedged to USD) Share.
“Class Q (USD) Share”	a Share whose reference currency is USD and designated as a Class Q (USD) Share.
“CSRC”	the China Securities Regulatory Commission.
“Dealing Day”	each Business Day or such other day or days as the Directors may from time to time determine.
“Initial Offer Period”	in respect of any Class, the period commencing at 9.00 am (Hong Kong time) on the relevant Offer Start Date and ending at such time and on such date as determined by the Manager (or any other period as the Manager may determine in its discretion).
“Investment Manager”	UBS Asset Management (UK) Ltd.
“MOF”	the Ministry of Finance of the PRC.
“Offer Start Date”	in respect of any Class, the date specified in the section headed “Subscriptions” below.
“PRC Broker(s)”	one or more brokers selected by the QFII or RQFII, as the context requires, to act on its behalf and execute transactions for the Fund in the onshore PRC securities markets.
“QFII”	a qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.
“RQFII”	a renminbi qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.

“SAFE”	the State Administration of Foreign Exchange of the PRC.
“SAT”	the State Administration of Taxation of the PRC.
“Shares”	<p>the Class A Shares; the Class K-1 Shares; the Class A-mdist Shares; the Class K-1-mdist Shares; and/or the Class Q Shares,</p> <p>as the context requires, each of which has a par value of RMB0.01 per Share and is attributable to a separate Class Account attributable to the Fund.</p>
“Stock Connect”	the Shanghai-Hong Kong Stock Connect securities trading and clearing linked programme.

BASE CURRENCY

The base currency of the Fund is the Renminbi.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The investment objective of the Fund is to seek to maximise current income while maintaining prospects for capital appreciation by investing in a diversified portfolio of fixed income instruments, deposits and equity securities in order to gain exposure to RMB. The Fund seeks to provide investors with an opportunity to obtain direct or indirect RMB exposure or to invest their RMB holdings while targeting a return higher than that offered by RMB deposits.

Investment approach

The Fund seeks to achieve its investment objective by having an asset allocation of typically 70% fixed income instruments and 30% equity securities. The asset allocation strategy may change depending on prevailing market circumstances.

The fixed income portion of the portfolio consists of offshore RMB-denominated bonds issued or listed outside of the PRC and offshore RMB fixed deposits. It may also include onshore RMB-denominated bonds issued or listed in the PRC, money market instruments, short-term paper and other fixed income instruments (all of which may or may not be denominated in RMB) and investments in the deliverable or non-deliverable forward market for RMB.

The equity portion of the portfolio provides direct or indirect exposure to companies which are domiciled in or are chiefly active in the PRC, with shares denominated in RMB and traded on the A-Share markets of the Shanghai and Shenzhen stock exchanges. The Fund may also invest in shares of such companies listed and trading as H-Shares on stock exchanges in Hong Kong or other countries. Equity exposure may be achieved through investment in shares, depository receipts, warrants, collective investment schemes (including exchange traded funds) and other participation rights or financial derivative instruments (including A-Share access products).

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of

investing in the PRC's domestic securities markets, or via Stock Connect. The Company itself is not a QFII or RQFII, but may invest directly or indirectly in A-Shares through the QFII or RQFII status and quota of other institutions, which may include the QFII status and quota of UBS AG, the parent company of the Manager and Investment Manager (the "QFII Holder"), or Stock Connect, or funds which have an exposure to A-Shares.

The Fund may use standardised and non-standardised (customised) derivative financial instruments for investment, hedging and efficient portfolio management purposes. It may conduct such transactions on a stock exchange or other regulated market open to the public, or directly with a bank or financial institution specialising in these types of business as counterparty (OTC trading).

The Fund does not attempt to follow benchmark indices in determining the geographical or sector weightings of the Fund. As such, there are no fixed geographical or sectoral weightings in the allocation of assets in the Fund.

Hedging foreign currency exposure of Class Accounts to USD

The Manager will seek to hedge the funding currency exposure of the following Class Accounts to the USD:

- Class A (CHF hedged to USD) Shares;
- Class A (EUR hedged to USD) Shares;
- Class A (JPY hedged to USD) Shares;
- Class A (SGD hedged to USD) Shares;
- Class A-mdist (AUD hedged to USD) Shares;
- Class A-mdist (CHF hedged to USD) Shares;
- Class A-mdist (EUR hedged to USD) Shares;
- Class A-mdist (GBP hedged to USD) Shares;
- Class A-mdist (JPY hedged to USD) Shares;
- Class A-mdist (NZD hedged to USD) Shares;
- Class A-mdist (SGD hedged to USD) Shares;
- Class K-1 (CHF hedged to USD) Shares;
- Class K-1 (EUR hedged to USD) Shares;
- Class K-1 (JPY hedged to USD) Shares;
- Class K-1 (SGD hedged to USD) Shares;
- Class K-1-mdist (AUD hedged to USD) Shares;
- Class K-1-mdist (CHF hedged to USD) Shares;
- Class K-1-mdist (EUR hedged to USD) Shares;

Class K-1-mdist (GBP hedged to USD) Shares;

Class K-1-mdist (JPY hedged to USD) Shares;

Class K-1-mdist (SGD hedged to USD) Shares; Class K-1-mdist (NZD hedged to USD) Shares;

Class Q (CHF hedged to USD) Shares;

Class Q (EUR hedged to USD) Shares;

Class Q (JPY hedged to USD) Shares; and

Class Q (SGD hedged to USD) Shares;

through the use of spot and forward foreign exchange contracts (including non-deliverable forwards) or other methods of reducing exposure to currency fluctuations to the USD, with the aim of minimising the impact of such fluctuations on the Net Asset Value of the relevant Class Accounts. Accordingly, such Classes are suitable for investors who wish to reflect the reference currency of the Class Accounts in USD, and be exposed to fluctuations between the USD and RMB currency.

Although there can be no guarantee that it will be possible to fully hedge the total Net Asset Value of a relevant Class Account against currency fluctuations from its reference currency to the USD, it should be noted that various factors, including but not limited to changes in the value of the hedged portions of the portfolio, exchange rate movements between the USD and RMB and the volume of subscriptions and redemptions, may have an impact on the level of currency hedging held in the Share Class Account.

Investment and borrowing restrictions

The following investment restrictions apply to the Fund:

- (a) not more than 10% of the Net Asset Value of the Fund may be invested in securities (other than government and other public securities¹ and interests in collective investment schemes) issued by any single issuer;
- (b) ordinary shares (other than government and other public securities) issued by any single issuer held for the account of the Fund, when aggregated with other holdings of ordinary shares issued by the same issuer held for the account of all other segregated portfolios of

¹ In these investment restrictions, "government and other public securities" mean:

(A) any investment issued by, or the payment of principal and interest on which is guaranteed by:

- (i) the government of any member state of the Organisation for Economic Co-operation and Development ("OECD"),
- (ii) the Central Government of the PRC, or
- (iii) the Government of Hong Kong; or

(B) any fixed interest investment issued by a public or local authority or nationalised industry of:

- (i) any OECD country,
- (ii) the PRC,
- (iii) Hong Kong, or
- (iv) anywhere in the world by any other body which is, in the opinion of the Custodian, of similar standing.

For these purposes, the Central Government of the PRC includes its ministries and agencies, which will be treated as including the MOF and the People's Bank of China, and the PRC's three policy banks, namely, China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China.

the Company may not exceed 10% of the nominal amount of the ordinary shares of such issuer in issue;

- (c) not more than 15% of the Net Asset Value of the Fund may be invested in securities which are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;
- (d) notwithstanding (a) and (b) above, up to 30% of the Net Asset Value of the Fund may be invested in government and other public securities of the same issue;
- (e) subject to (d), all of the assets of the Fund may be invested in government and other public securities in at least six different issues²;
- (f) not more than 20% of the Net Asset Value of the Fund may be invested in (i) commodities (including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, securities of companies engaged in the production, processing or trading of commodities) and (ii) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Fund);
- (g) the value of warrants and options held for the account of the Fund, in terms of the total amount of premium paid (other than for hedging purposes), may not exceed 15% of the Net Asset Value of the Fund; and
- (h) where the Fund invests in units or shares of other collective investment schemes ("underlying schemes"), the value of the units or shares held for the account of the Fund in each such underlying scheme may not exceed 50% of the Net Asset Value of the Fund, provided that:
 - (1) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by the investment restrictions set out herein, and where that underlying scheme's objective is to invest primarily in investments restricted by the investment restrictions set out herein, such holdings may not be in contravention of the relevant limitation;
 - (2) where an investment is made in any underlying scheme(s) managed by the Manager, the Investment Manager or any of their connected persons, all initial charges on the underlying scheme(s) must be waived; and
 - (3) neither the Manager nor the Investment Manager may obtain a rebate on any fees or charges levied by an underlying scheme or its management company,

In respect of the Fund, the Company shall not:

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

² Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

- (b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs));
- (c) make short sales if as a consequence the liability to deliver securities would exceed 10% of the Net Asset Value of the Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (d) write uncovered options;
- (e) write a call option if the aggregate of the exercise prices of all such call options written in respect of the Fund would exceed 25% of the Net Asset Value of the Fund;
- (f) make a loan out of the assets of the Fund without the prior written consent of the Custodian, except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (g) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Custodian;
- (h) enter into any obligation in respect of the Fund or acquire any asset for the account of the Fund which involves the assumption of any liability which is unlimited; or
- (i) apply any part of the assets of the Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Fund which has not been appropriated and set aside for any other purposes.

The Fund may borrow up to 25% of its latest available Net Asset Value. Cash may be borrowed from banks and other financial institutions. The assets of the Fund may be charged or pledged as security for any such borrowings but the value of the assets charged or pledged may not exceed the amount of the indebtedness.

Where the Investment Manager deems it appropriate to do so in order to continue to implement the investment approach and to achieve the investment objective, the Fund may also use leverage embedded in instruments in which the Company, in respect of the Fund, may invest. Leverage embedded in such instruments is obtained from the relevant counterparty. There are no restrictions on the Fund's use of embedded leverage.

If the investment and borrowing restrictions set out above are breached, the Manager and/or the Investment Manager shall as a priority take all steps necessary within a reasonable period of time to remedy the situation, having regard to the interests of the Shareholders.

The Fund intends to adhere to the investment approach and restrictions set out above for the foreseeable future. Any material change to be made to the investment strategy of the Fund may be implemented following the affected Shareholders being provided with at least one months' prior notice in writing and an opportunity to redeem.

Securities lending

The Company may enter into securities lending arrangements in respect of the Fund. However, it is not the current intention that such arrangements will be made. Should the Manager and/or Investment Manager decide to enter into such arrangements in the future, this Offering Memorandum will be amended to provide details of the arrangements.

MANAGEMENT

The Investment Manager

The Investment Manager, UBS Asset Management (UK) Ltd., has been appointed by the Manager to manage and invest the assets of the Fund and has agreed to do so in pursuit of the investment objective and subject to the investment restrictions described in this Appendix.

The Investment Manager was organised as a corporation in the United Kingdom on 19 February 1981 and is authorised and regulated by the Financial Conduct Authority. The Investment Manager is part of the Asset Management Business Division of the UBS Group AG.

The Investment Manager's shareholders, related entities and connected persons may subscribe, directly or indirectly, for Shares.

SUBSCRIPTIONS

Availability only to certain investors

Class A Shares, Class A-mdist Shares, Class K-1 Shares and Class K-1-mdist Shares are available to all investors.

Class Q Shares are available only: (i) for distribution pursuant to UBS AG advisory and/or discretionary agreements in Switzerland; or (ii) to investors domiciled in other countries, if they are investment professionals and a written agreement exists with UBS AG; and who make the following investments in their own name and: (a) on their own behalf; (b) on behalf of their clients within a (discretionary) asset management agreement; or (c) on behalf of their clients within the framework of an advisory relationship established in writing, in return for payment; or (d) on behalf of a collective investment managed by a professional of the financial sector.

Admission of investors in further distribution countries shall be decided by the Directors at their sole discretion and disclosed on www.ubs.com/funds.

Initial offer

Shares of the following Classes may be subscribed for during the relevant Initial Offer Period at the following Initial Issue Prices:

Class	Initial Issue Price (exclusive of any initial fee)
Class A (CHF) Shares	CHF100
Class A (CHF hedged to USD) Shares	CHF100
Class A (EUR) Shares	EUR100
Class A (EUR hedged to USD) Shares	EUR100
Class A (HKD) Shares	HKD1,000
Class A (JPY) Shares	JPY100,000
Class A (JPY hedged to USD) Shares	JPY100,000
Class A (RMB) Shares	RMB1,000
Class A (SGD) Shares	SGD100
Class A (SGD hedged to USD) Shares	SGD100
Class A (USD) Shares	USD100
Class A-mdist (AUD) Shares	AUD 100

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Class A-mdist (AUD hedged to USD) Shares	AUD 100
Class A-mdist (CHF) Shares	CHF100
Class A-mdist (CHF hedged to USD) Shares	CHF100
Class A-mdist (EUR) Shares	EUR100
Class A-mdist (EUR hedged to USD) Shares	EUR100
Class A-mdist (GBP) Shares	GBP100
Class A-mdist (GBP hedged to USD) Shares	GBP100
Class A-mdist (HKD) Shares	HKD100
Class A-mdist (JPY) Shares	JPY100,000
Class A-mdist (JPY hedged to USD) Shares	JPY100,000
Class A-mdist (NZD) Shares	NZD100
Class A-mdist (NZD hedged to USD) Shares	NZD100
Class A-mdist (RMB) Shares	RMB100
Class A-mdist (SGD) Shares	SGD100
Class A-mdist (SGD hedged to USD) Shares	SGD100
Class A-mdist (USD) Shares	USD100
Class K-1 (CHF) Shares	CHF3 million
Class K-1 (CHF hedged to USD) Shares	CHF3 million
Class K-1 (EUR) Shares	EUR2 million
Class K-1 (EUR hedged to USD) Shares	EUR2 million
Class K-1 (HKD) Shares	HKD25 million
Class K-1 (JPY) Shares	JPY250 million
Class K-1 (JPY hedged to USD) Shares	JPY250 million
Class K-1 (RMB) Shares	RMB20,000
Class K-1 (SGD) Shares	SGD4 million
Class K-1 (SGD hedged to USD) Shares	SGD4 million
Class K-1 (USD) Shares	USD3 million
Class K-1-mdist (AUD) Shares	AUD4 million
Class K-1-mdist (AUD hedged to USD) Shares	AUD4 million
Class K-1-mdist (CHF) Shares	CHF 3 million
Class K-1-mdist (CHF hedged to USD) Shares	CHF 3 million
Class K-1-mdist (EUR) Shares	EUR 2 million
Class K-1-mdist (EUR hedged to USD) Shares	EUR 2 million
Class K-1-mdist (GBP) Shares	GBP 2 million
Class K-1-mdist (GBP hedged to USD) Shares	GBP 2 million
Class K-1-mdist (HKD) Shares	HKD 25 million
Class K-1-mdist (JPY) Shares	JPY 250 million
Class K-1-mdist (JPY hedged to USD) Shares	JPY 250 million
Class K-1-mdist (NZD) Shares	NZD 5 million
Class K-1-mdist (NZD hedged to USD) Shares	NZD 5 million

Class K-1-mdist (RMB) Shares	RMB 20,000
Class K-1-mdist (SGD) Shares	SGD 4 million
Class K-1-mdist (SGD hedged to USD) Shares	SGD 4 million
Class K-1-mdist (USD) Shares	USD 3 million
Class Q (CHF) Shares	CHF100
Class Q (CHF hedged to USD) Shares	CHF100
Class Q (EUR) Shares	EUR100
Class Q (EUR hedged to USD) Shares	EUR100
Class Q (HKD) Shares	HKD1,000
Class Q (JPY) Shares	JPY100,000
Class Q (JPY hedged to USD) Shares	JPY100,000
Class Q (RMB) Shares	RMB1,000
Class Q (SGD) Shares	SGD100
Class Q (SGD hedged to USD) Shares	SGD100
Class Q (USD) Shares	USD100

The Manager may determine that any Class will not be issued if subscriptions for Shares of such Class during the relevant Initial Offer Period does not reach at least USD1 million or its equivalent in the relevant currency. In such circumstances, subscription proceeds will be returned to applicants (without interest) by telegraphic transfer (at the risk of, and cost to, each such applicant) as soon as possible following the end of the Initial Offer Period.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period, Shares may be purchased on any relevant Dealing Day and the Subscription Price will be equal to the Net Asset Value per Share as at the Dealing Day on which the application is effective (and is exclusive of any initial fee).

Subscription monies must be paid by the applicant in cleared funds in full, in the reference currency of the Class of Shares being subscribed, by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the Fund, and the Manager may require the applicant to pay to the Company, for the account of the Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription monies in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time.

Smallest tradable unit

Fractions of Shares will be issued for only certain Classes, and accordingly subscriptions, redemptions and exchanges will be subject to the following smallest tradable units:

Class	Smallest tradable unit
Class A (CHF) Shares	0.001 Share
Class A (CHF hedged to USD) Shares	0.001 Share
Class A (EUR) Shares	0.001 Share
Class A (EUR hedged to USD) Shares	0.001 Share
Class A (HKD) Shares	0.001 Share
Class A (JPY) Shares	0.001 Share
Class A (JPY hedged to USD) Shares	0.001 Share
Class A (RMB) Shares	0.001 Share
Class A (SGD) Shares	0.001 Share
Class A (SGD hedged to USD) Shares	0.001 Share
Class A (USD) Shares	0.001 Share
Class A-mdist (AUD) Shares	0.001 Share
Class A-mdist (AUD hedged to USD) Shares	0.001 Share
Class A-mdist (CHF) Shares	0.001 Share
Class A-mdist (CHF hedged to USD) Shares	0.001 Share
Class A-mdist (EUR) Shares	0.001 Share
Class A-mdist (EUR hedged to USD) Shares	0.001 Share
Class A-mdist (GBP) Shares	0.001 Share
Class A-mdist (GBP hedged to USD) Shares	0.001 Share
Class A-mdist (HKD) Shares	0.001 Share
Class A-mdist (JPY) Shares	0.001 Share
Class A-mdist (JPY hedged to USD) Shares	0.001 Share
Class A-mdist (NZD) Shares	0.001 Share
Class A-mdist (NZD hedged to USD) Shares	0.001 Share
Class A-mdist (RMB) Shares	0.001 Share
Class A-mdist (SGD) Shares	0.001 Share
Class A-mdist (SGD hedged to USD) Shares	0.001 Share
Class A-mdist (USD) Shares	0.001 Share
Class K-1 (CHF) Shares	0.1 Share
Class K-1 (CHF hedged to USD) Shares	0.1 Share
Class K-1 (EUR) Shares	0.1 Share
Class K-1 (EUR hedged to USD) Shares	0.1 Share

Class K-1 (HKD) Shares	0.1 Share
Class K-1 (JPY) Shares	0.1 Share
Class K-1 (JPY hedged to USD) Shares	0.1 Share
Class K-1 (RMB) Shares	0.1 Share
Class K-1 (SGD) Shares	0.1 Share
Class K-1 (SGD hedged to USD) Shares	0.1 Share
Class K-1 (USD) Shares	0.1 Share
Class K-1-mdist (AUD) Shares	0.1 Share
Class K-1-mdist (AUD hedged to USD) Shares	0.1 Share
Class K-1-mdist (CHF) Shares	0.1 Share
Class K-1-mdist (CHF hedged to USD) Shares	0.1 Share
Class K-1-mdist (EUR) Shares	0.1 Share
Class K-1-mdist (EUR hedged to USD) Shares	0.1 Share
Class K-1-mdist (GBP) Shares	0.1 Share
Class K-1-mdist (GBP hedged to USD) Shares	0.1 Share
Class K-1-mdist (HKD) Shares	0.1 Share
Class K-1-mdist (JPY) Shares	0.1 Share
Class K-1-mdist (JPY hedged to USD) Shares	0.1 Share
Class K-1-mdist (NZD) Shares	0.1 Share
Class K-1-mdist (NZD hedged to USD) Shares	0.1 Share
Class K-1-mdist (RMB) Shares	0.1 Share
Class K-1-mdist (SGD) Shares	0.1 Share
Class K-1-mdist (SGD hedged to USD) Shares	0.1 Share
Class K-1-mdist (USD) Shares	0.1 Share
Class Q (CHF) Share	0.001 Share
Class Q (EUR) Share	0.001 Share
Class Q (USD) Share	0.001 Share

Investors should note that subscriptions, redemptions and exchanges of Class K-1 Shares can only be made in multiples of its smallest tradable unit (as set out above), and not in a monetary amount.

Initial fee

The Company and/or the Manager may appoint one or more distributors to solicit subscriptions for Shares. Such distributors may charge applicants an initial fee of up to 5% of the amount subscribed

for the Shares (exclusive of the amount subscribed for the Shares). The relevant distributor may waive the payment of all or part of the initial fee.

Minimum investment

In respect of the Fund, the minimum initial investment per applicant (after deduction of any initial fee and any anti-dilution levy) irrespective of which Class or Classes being subscribed is USD100,000 or its equivalent in the reference currency or currencies of the Shares being subscribed, or such other minimum investment as may be required by Cayman Islands law.

In respect of each Class, the minimum initial investment per applicant (after deduction of any initial fee and any anti-dilution levy, if applicable), is as follows:

Class	Minimum initial investment
Class A Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)
Class A-midst Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)
Class K-1 Shares	USD3 million (or an equivalent amount in the reference currency of the Shares being subscribed)
Class K-1-midst Shares	USD3 million (or an equivalent amount in the reference currency of the Shares being subscribed)
Class Q Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)

The Directors may, generally or in any particular case, determine that the minimum initial investment per applicant of a lesser amount applies, provided that such lesser amount is consistent with the Fund being registered under section 4(3) of the Mutual Funds Law.

Distributors may impose different minimum investment amounts, which in some cases may be less than the minimum amounts set out above. Investors should check with the distributors for details.

Anti-dilution levy

Where in respect of a Dealing Day net subscription for Shares (including exchanges for Shares) exceeds 10% of the Fund's Net Asset Value prior to such subscription, the Manager may in its discretion impose an anti-dilution levy of up to 2% of the value of each applicant's subscription(s) or exchange(s) on the relevant Dealing Day. Such anti-dilution levy will be deducted from the subscription moneys paid by each Shareholder.

REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on any Dealing Day. A completed redemption request must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on any Dealing Day.

The Redemption Price will be equal to the Net Asset Value per Share as at the relevant Dealing Day and net of anti-dilution levy, if any.

Minimum redemption and Minimum Holding

Subject to the smallest tradable unit of each Class, the Fund does not impose any minimum redemption requirement nor any Minimum Holding.

Redemption fee

No redemption fee is charged in respect of the Fund.

Anti-dilution levy

Where in respect of a Dealing Day net redemption for Shares (including exchanges of Shares) exceeds 10% of the Fund's Net Asset Value prior to such redemption, the Manager may in its discretion impose an anti-dilution levy of up to 2% of the value of each Shareholder's redemption(s) or exchange(s) on the relevant Dealing Day. Such anti-dilution levy will be deducted from the redemption proceeds payable to each Shareholder.

Settlement

Payment of redemption proceeds will normally be made in the reference currency of the Class of Shares being redeemed within 7 Business Days of the later of: (1) the relevant Dealing Day; and (2) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in which a substantial portion of the Fund's direct or indirect investments is made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable. In such instances, settlement period may take longer than a month.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

Redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not to materially prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing in aggregate more than 10% (or such higher percentage as the Directors determine) of the total number of Shares attributable to the Fund then in issue, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders who have submitted redemption requests on the relevant Dealing Day. Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares attributable to the Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the original redemption requests are fully carried out. The Company is entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

EXCHANGES

The exchange of Shares of one Class for Shares of another Class in the Fund or shares attributable to another segregated portfolio of the Company will be permitted. An exchange fee of up to 1% of the value of Shares being exchanged may be payable to the Manager or an authorised distributor in respect of the Fund.

Any such exchange will be made on an Exchange Dealing Day, subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged and a completed exchange request must be received by the Administrator's Delegate by 6pm (HK time) prior to the Exchange Dealing Day, unless decided otherwise by the Manager at its discretion.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the rate of exchange available to the Administrator or the Administrator's Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

SUSPENSION

In addition to the circumstances set out in the section headed "Net Asset Value – Suspension of calculation of Net Asset Value and the issue and redemption of Shares", the issue and redemption of Shares of the Fund may also be suspended in the circumstances described below.

The ability of the Company to invest in domestic PRC securities through a QFII is generally limited to defined quotas. Investments in domestic PRC securities through a QFII within such quotas are subject to an initial lock-in period during which the amount invested may not be repatriated. Under current regulations issued by the CSRC, there is a lock-in period for open-ended funds, such as the Company, of one year. Once the lock-in period has expired, the aggregate amount of each repatriation during each three month period may not exceed 20% of the total amount invested. The effect of such regulations and any changes in such regulations may be to limit the ability of the Company to make or dispose of investments in domestic PRC securities thereby requiring the Directors to suspend the issue or the redemption (in whole or in part) of Shares. Any partial suspension of redemptions of Shares will be effected on a pro rata basis and any redemption requests which have been suspended will have priority on any subsequent Dealing Day according to the length of time for which they have been outstanding.

DISTRIBUTION POLICY

General

The Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Distribution Shares

The Directors intend to make monthly distributions in relation to the Distributing Shares which may not be limited to the realised capital gains and net income of the Fund and which may reduce the Net Asset Value of the relevant Class. For the avoidance of doubt, such payments shall include gross-of-fee distributions.

Distributions will be paid in the reference currency of the relevant Class in compliance with applicable laws. The Fund's distribution policy may be amended by the Directors.

FEES AND EXPENSES

Management Fee and Fund Servicing Fee

The Manager is entitled to receive from the Fund a Management Fee in respect of each Class. The Manager may from time to time at its sole discretion and out of its own resources rebate to some or

all Shareholders or their agents or to intermediaries, part or all of its management fees. Any such rebates may be applied in paying up additional Participating Shares to be issued to some or all Shareholders.

The Manager is also entitled to receive from the Fund a Fund Servicing Fee in respect of each Class.

The Management Fee and Fund Servicing Fee in respect of each Class, calculated as at each Valuation Point and payable monthly in arrears, are as follows:

Class	Management Fee* (% per annum of the Net Asset Value of the Class Account)	Fund Servicing Fee* (% per annum of the Net Asset Value of the Class Account)
Class A Shares	up to 1.20%	up to 0.20%
Class A-mdist Shares	up to 1.20%	up to 0.20%
Class K-1 Shares	up to 0.96%	up to 0.16%
Class K-1-mdist Shares	up to 0.96%	up to 0.16%
Class Q Shares	up to 0.60%	up to 0.20%

*before deduction of any accrued Management Fee and any Fund Servicing Fee

Performance Fee

The Manager does not intend to charge a Performance Fee in respect of the Fund.

Custodian Fee and Administration Fee

The Company pays the Custodian and the Administrator, in respect of the Fund, a Custodian Fee and an Administration Fee respectively, such fees being at rate(s) agreed between the Company and the Administrator or the Custodian (as the case may be), from time to time. No maximum amount of such fees has been agreed between the Company, in respect of the Fund, and the Custodian or the Administrator.

The Custodian and Administrator are also reimbursed from the Company for all out-of-pocket expenses incurred in performing their services to the Fund, including but not limited to any costs and expenses associated with sale and purchase transaction of securities, preparation of annual and semi-financial statements, statutory filing in the Cayman Islands, and any additional duties as may be required from time to time and as agreed between the Manager and the Custodian or the Administrator (as the case may be).

ADDITIONAL RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund utilises investment techniques (such as hedging, leverage and short selling) which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should refer to the relevant risks mentioned in the section headed "Risk Factors" in the Offering Memorandum, and should also consider, among others, the following additional risk factors before subscribing for Shares:

Asset allocation risk

In developing and/or restricted markets such as the offshore RMB debt instruments market in Hong Kong or the stock exchanges in the PRC, lack of availability or liquidity of securities may not at all times allow for implementation of the Fund's investment approach. This may lead to temporary deviations from the targeted asset allocation, which may have an adverse effect on the performance of the Fund.

Derivatives risk

The Fund may use financial derivative instruments for hedging and efficient portfolio management purposes. Please refer to the risk factor headed "Derivatives" of the Offering Memorandum for further general information relating to certain risks of investment in derivatives.

Liquidity risk

The market for offshore RMB-denominated fixed income instruments issued or distributed outside the PRC is still at a developing stage and difficult to assess. Trading volumes may be lower than those in more developed financial markets. This may lead to comparatively higher fluctuations in the price of such instruments, which may in turn cause the Fund's Net Asset Value to exhibit a higher volatility.

In addition, there is as yet no active secondary market for offshore RMB-denominated fixed income instruments. As a result, the bid and offer spread of the price of such instruments may be large, and the Fund may suffer loss in trading them, in particular, in circumstances where the Manager may have to liquidate such investments at a discount to meet redemption requests.

The liquidity of the offshore RMB market is currently limited, and the ability to convert other currencies into the RMB in the offshore RMB market may be constrained. As a result, the rates of such conversions may fluctuate according to market supply and demand forces, which may adversely affect the value of the Fund's investments.

Limited pool of RMB-denominated investments and capacity of RMB deposits risk

A portion of the Fund's investment approach is to invest in offshore RMB-denominated fixed income instruments issued or distributed outside the PRC, but the quantity of such instruments is currently limited. If the Manager considers there are insufficient offshore RMB-denominated fixed income instruments available in the market, a substantial portion of the Fund's assets may be invested in RMB fixed deposits, which may adversely affect the Fund's return and performance. In such case, the Fund may not be able to achieve its investment objective.

Additionally, while current regulations and policies in Hong Kong enable the Fund to place a significant amount of offshore RMB in deposits with authorised institutions, there is no assurance that the capacity for offshore RMB deposits will not be limited in the future; for example, authorised institutions may refuse to hold current deposits and/or accept further deposits. Furthermore, authorised institutions may in the future decide to offer lower interest rates on offshore RMB deposits due to over-funding, limited availability of investment opportunities for such funds or any other reason. Any such limitations on the capacity of RMB deposits and/or lower interest rates may adversely affect the return of the Fund's investments and the ability of the Fund to pursue its investment approach.

Fixed income instruments and deposits risk

The Fund is exposed to the credit risk of issuers of fixed income instruments and deposits (whether denominated in RMB or otherwise) that the Fund may invest in. The fixed income instruments and deposits that the Fund invests in are typically unsecured debt obligations and are not supported by any collateral. The Fund will be fully exposed to the credit risk of its counterparties as an unsecured creditor.

An increase in interest rates may adversely impact the value of the fixed income instruments held by the Fund, leading to a loss on its investments. The credit rating of the issuers of the fixed income instruments may be downgraded, thus adversely affecting the value and performance of the Fund.

For fixed income instruments issued by issuers that are not rated, they may assume greater risks because of generally lower creditworthiness and liquidity, and greater fluctuation in value and higher chance of default than investment grade debt instruments.

In respect of the Fund's investment in investment grade debt instruments, the credit quality and liquidity of the Fund's investment portfolio may deteriorate when any such investment or the credit rating of its issuer falls below investment grade. The Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Fund.

Where the Fund places a significant amount of cash in fixed deposits, it is exposed to the risk that, in order to meet redemption requests or respond to sudden changes in market circumstances, it may need to terminate a fixed deposit before the expiry of its term, in which case the Fund will need to bear any fees or penalties associated with such early termination. Any such fees or expenses will be borne by the Fund and may adversely affect its Net Asset Value.

Please refer to the risk factor headed "Debt instruments" of the Offering Memorandum for further general information relating to interest rate, credit and downgrade risks.

Hedging risk

The Fund will use hedging techniques, including the use of derivatives, to attempt to offset interest rate risks and credit spread risks. However, the cost of entering such hedging transactions, which is borne by the Fund, depends on prevailing market conditions and may be expensive. Furthermore, there is no guarantee that such hedging transactions will achieve the desired result and they can also limit potential gains.

No distributions risk

It is currently intended that distributions will be made in respect of the Distribution Shares on a monthly basis in the reference currency of the relevant Class. However, investors should note that the Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

PRC risks

The Fund will invest in the PRC securities markets to gain exposure to RMB. Investing in the PRC market is subject to the risks of investing in emerging markets generally as well as the risks specific to the PRC market.

Economic, political and social risks

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the

past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of the Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the fixed income instruments in the Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC taxation risk

By investing in securities (including A-Shares and debt instruments) issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed onshore ("onshore PRC securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), the Fund may be subject to PRC taxes.

The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

Please refer to the section headed "PRC tax considerations" below for further information on the risks associated with PRC taxation.

QFII risk

Under the prevailing regulations in the PRC, foreign investors may invest in the A-Share market through institutions that have obtained QFII status in the PRC. The current QFII regulations impose

strict restrictions on A-Share investments, including investment guidelines and the investment restrictions detailed below.

There can be no assurance that the Manager will be able to allocate a sufficient portion of the QFII Holder's investment quota to meet all applications for Shares, or that redemption requests can be processed in a timely manner if there are adverse changes in relevant laws or regulations, including changes in QFII repatriation restrictions. Such restrictions may result in a suspension of dealings in Shares (further details can be found under "Suspension of calculation of Net Asset Value and the issue and redemption of Shares" under the section headed "Net Asset Value").

PRC securities invested in for the account of the Company (including PRC debt instruments and A-Shares) will be maintained by a PRC Custodian in securities accounts with China Securities Depository & Clearing Corporation Limited, opened in the name of the QFII Holder. The QFII Holder will appoint a PRC Custodian (the "QFII Custodian") in order to hold uninvested cash held in the PRC and securities which are not eligible for deposit with China Securities Depository & Clearing Corporation Limited. Such cash and securities will be held in accounts opened in the QFII Holder's name with the QFII Custodian, and not in the name of the Fund itself. As such, there can be no absolute assurance that the assets of the Fund are under the same standards of safe custody at all times as they would be if they were registered and held in its own name.

The QFII Holder will select PRC Brokers to execute transactions on the Fund's behalf in the PRC markets. The Fund may incur losses due to the acts or omissions of PRC Brokers or of QFII Custodians in the execution or settlement of transactions or in the transfer of monies or securities.

There can be no assurance that additional QFII quota can be obtained to fully satisfy subscription requests, or that redemption requests can be processed, due to QFII repatriation restrictions. These may result in a need to suspend dealing in the Fund. In extreme circumstances, the Fund may incur significant losses due to limited investment opportunities, or may not be able to fully implement or pursue its stated investment objective or approach, due to QFII investment restrictions, illiquidity of the PRC's debt or A-Share market and/or delays or disruptions in execution or settlement of trades.

Rules and restrictions exist under current QFII regulations, including with respect to investment restrictions, minimum investment holding periods, and repatriation of principal and profits. Transaction sizes for QFIIs are large yet there are lock-up restrictions on repatriation of principal invested by a QFII in the PRC. QFII restrictions on investment apply to the quota granted to a QFII as a whole and not simply to investments made on behalf of the Fund. Consequently, investors should be aware that violations of the QFII regulations on investment arising out of activities related to portions of the investment quota allocated to another client of the QFII could result in the revocation of or other regulatory action in respect of the investment quota of the QFII as a whole, including any portion utilised by the Fund.

Investors should note that direct investments in A-Shares through QFIIs are subject to compliance with the following investment restrictions currently imposed under QFII regulations in the PRC, which may be subject to change from time to time:

- (a) the shares held by a QFII in a listed company may not exceed 10% of the total outstanding shares of such company;
- (b) the total shares held by all QFIIs in a listed company may not exceed 20% of the total outstanding shares of such company; and
- (c) the investments must comply with the requirements as set out in the Guidance Catalogue on Industries for Foreign Investment.

The aforementioned investment restrictions may affect the Fund's ability to invest in A-Shares.

QFII repatriation risk

Under the applicable QFII regulations, there are foreign exchange control restrictions imposed on the repatriation of principal or profits by a QFII. The Fund may be restricted from withdrawing funds from its account with the QFII Holder until and unless the QFII Holder as a whole is permitted to repatriate its funds under the QFII regulations. It may, therefore, not be possible for the Fund to repatriate capital, dividends, interest and income from the PRC, or it may require government consent to do so. The Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions.

The Fund may be exposed to potential loss from any restriction or delay in the QFII Holder's ability to convert the currency of denomination of any Class from or into RMB and/or to repatriate funds from the PRC. In this case, payment of the redemption proceeds may be delayed and paid to Shareholders as soon as practicable.

RQFII risk

The Fund may invest in the PRC's domestic markets through the RQFII status and quota of a RQFII pursuant to the RQFII regulations. There are specific risks associated with the RQFII regime.

RQFII systems risk

The current RQFII regulations include rules on investment restrictions applicable to the Fund. Transaction sizes for RQFIIs are relatively large, with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

PRC Custodian and PRC Brokers risk

The RQFII selects one or more PRC Brokers to act on its behalf and execute transactions for the Fund in the onshore PRC securities markets as well as a PRC custodian (the "RQFII Custodian") to maintain its assets in custody in the PRC.

Onshore PRC assets acquired by the Fund through the RQFII quota of a RQFII will be maintained by the RQFII Custodian in electronic form via securities account(s) with the China Securities Depository & Clearing Corporation Limited, China Central Depository & Clearing Corporation Limited, Shanghai Clearing House and/or such other relevant depositories and cash account(s) with the RQFII Custodian.

In the event of any default, omission or insolvency of the PRC Brokers, the RQFII Custodian or the relevant depository in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Fund may incur losses and may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the Fund.

According to the RQFII regulations and market practice, the securities and cash accounts for the Fund in the PRC are to be maintained in the joint names of the RQFII and the Fund. Whether the assets in such securities accounts belong to the Fund is subject to the interpretation of the RQFII regulations by the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the Fund with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the Fund will not have any proprietary rights to the cash deposited in such cash account, and the Fund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the RQFII Custodian. The Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will suffer losses.

RQFII repatriation risk

Repatriations by RQFIIs conducted in RMB for the Fund are not subject to any restrictions, lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Fund's ability to meet redemption requests.

RQFII quota risk

The RQFII quota of a RQFII is limited and may be reached. Furthermore, the RQFII has the flexibility to allocate its RQFII quota granted by SAFE across different public fund products under its management from time to time or, subject to SAFE's approval, to products and/or accounts that are not public fund products but under the RQFII's management. As such, the Fund will not have exclusive use of a specified amount of RQFII investment quota granted by SAFE to the RQFII and will rely on the RQFII's allocation of such quota. There can be no assurance that the RQFII can or will obtain or allocate sufficient RQFII quota to the Fund to meet all application for subscriptions. If no sufficient RQFII quota is allocated to the Fund, it may be necessary for the Manager to suspend further subscriptions of Shares.

RQFII status risk

There can be no assurance that the RQFII status of the relevant RQFII will not be suspended or revoked. Such event may adversely affect the Fund's performance as it may not be possible to implement the investment strategy of the Fund at all.

RMB currency risk

RMB is not freely convertible and subject to exchange controls and restrictions risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the People's Bank of China (the "PBOC"), which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%.

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the

Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Investment Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Future movements in RMB exchange rates risk

The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, pound sterling and HKD at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against any other foreign currency in the future. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB market risk

The onshore RMB (“CNY”) is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB (“CNH”) is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated which will have the effect of restricting availability of RMB offshore. To the extent the Investment Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

Investing in access products risk

The Fund may obtain exposure to the A-Share market by direct or indirect investments in A-share access products (which may take the form of, inter alia, structured products or participation notes). Any access product will be subject to the terms and conditions imposed by its issuer. These terms may lead to delays in implementing the Fund's investment approach. Access products typically

have no active secondary market and so have limited liquidity. In order to liquidate such investments, the Fund will rely upon the counterparty issuing the access product to quote a price to unwind any part of the access product. Accordingly the Investment Manager's ability to adjust positions may be restricted which may have an impact on the performance of the Fund.

An investment in an access product is not an investment directly in the underlying investments (such as A-shares) themselves. An investment in the access product does not entitle the holder to the beneficial interest in the shares nor to make any claim against the company issuing the A-shares. Access products constitute direct, general and unsecured contractual obligations of their issuer. Accordingly, the Fund will be subject to credit risk of the issuer of any access product and would be exposed to potential losses equal to the full value of the access products if such issuer became bankrupt or otherwise failed to perform its obligations due to financial difficulties. Any loss would result in a reduction in the Net Asset Value of the Fund.

TAXATION

The following is based on the Company's understanding of certain aspects of the law and practice currently in force. There can be no guarantee that the tax position or proposed tax position at the date of this document or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

PRC tax considerations

By investing in PRC Securities, the Fund may be subject to taxes imposed by the PRC.

Corporate Income Tax

If the Fund is considered as a PRC tax resident enterprise, it will be subject to PRC Corporate Income Tax ("CIT") at 25% on its worldwide taxable income; if the Fund is considered as a non-PRC tax resident enterprise but has a permanent establishment ("PE") in the PRC, the profits and gains attributable to that PE would be subject to PRC CIT at 25%.

It is the intention of the Investment Manager to operate the affairs of the Fund such that they should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with an establishment or place of business in the PRC for PRC CIT purposes, although this cannot be guaranteed. If the Fund is a non-PRC tax resident enterprise without PE in the PRC, the PRC sourced income derived by it from the investment in PRC Securities would be subject to 10% PRC withholding income tax ("WIT") in the PRC, unless exempt or reduced under the laws and regulations or any relevant tax treaty.

(i) Dividends and interest

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or any relevant tax treaties, non-tax resident enterprises without PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. Accordingly, the Fund may be subject to WIT on any cash dividends, distributions and interest it receives from its investment in PRC Securities. Under the PRC CIT Law, interests derived from PRC government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from PRC income tax under CIT law.

Under current regulations in the PRC, foreign investors (such as the Fund) may invest in onshore PRC securities through a QFII or a RQFII. Since only the QFII's or the RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the QFII or the RQFII, subject to further interpretations and rules that may be issued in the future. Where tax is payable by the QFII or RQFII, the QFII Or RQFII will pass on this liability to the Fund. As such, the Fund is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a QFII or a RQFII is subject to a WIT of 10% on cash dividends, distributions and interest from the PRC Securities unless exempt or reduced under current PRC tax laws and regulations or any relevant tax treaties.

(ii) Capital gains – PRC equity investments (including PRC A-Shares)

The MOF, the SAT and the CSRC issued the “Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer or PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” Caishui [2014] No.79 on 14 November 2014 (“Notice No. 79”). Notice No. 79 states that (a) PRC corporate income tax will be imposed on gains obtained by QFIIs and RQFIIs from the transfer of PRC equity investment assets (including PRC domestic stocks) realised prior to 17 November 2014 in accordance with laws, and (b) QFIIs and RQFIIs (without an establishment or place in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempt from PRC CIT on gains derived from the trading of PRC equity investment (including PRC A-Shares) effective from 17 November 2014.

Pursuant to the “Notice about the tax policies related to Shanghai-Hong Kong Stock Connect” (Caishui [2014] No.81) (“Notice No. 81”) jointly promulgated by the MOF, the SAT and the CSRC on 14 November 2014, PRC CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of A-Shares through Stock Connect.

(iii) Capital gains – PRC debt securities

Under current PRC tax law, there are no specific rules or regulations governing the taxation of the disposal of debt securities issued by PRC tax resident enterprises. The tax treatment for investment in debt securities issued by PRC tax residents is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, the Fund would be potentially subject to 10% PRC WIT on the PRC-sourced capital gains, unless exempt or reduced under the laws and regulations or any relevant tax treaty.

There is no specific written tax regulations issued by the PRC tax authorities to confirm that gains on disposal of debt securities is non-PRC sourced and hence not subject to PRC WIT. However, in practice, the PRC tax authorities have not actively enforced the collection of PRC WIT in respect of gains derived by non-PRC tax resident enterprises from the trading of debt securities. In addition, the PRC tax authorities have verbally indicated that capital gains derived from trading of PRC debt securities are not subject to PRC WIT.

In order to meet the potential tax liability on capital gains arising from disposal of PRC Securities, the Investment Manager reserves the right to provide for withholding income tax on such gains and withhold the tax for the account of the Fund. Currently, after careful consideration of independent professional tax advice, the Investment Manager does not make any WIT provision for gross realised or unrealised capital gains derived from the trading of PRC Securities.

There is a possibility of the rules being changed and taxes being applied retrospectively. There is a risk that taxes may be levied in the future on the Fund for which no provision is made, which may potentially cause substantial loss to the Fund. The Investment Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding income tax provisioning approach of the Fund if necessary.

Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares. If no provision is made by the Investment Manager in relation to all or part of the actual tax levied by the SAT in the future, investors should note that the Net Asset Value of the Fund may be lowered, as the Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional amount of tax liabilities will only impact Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Shareholders will bear, through the Fund, a disproportionately higher amount of tax liabilities as compared to that borne before the actual tax liabilities are levied.

Shareholders should seek their own tax advice on their tax position with regard to their investments in the Fund.

Value-added Tax

According to Circular Caishui [2016] No. 36 ("Circular 36") jointly issued by the MOF and the SAT regarding the final stage of PRC Value-added Tax ("VAT") reform which has come into effect on 1 May 2016, gains derived from the transfer of PRC Securities are subject to VAT starting from 1 May 2016.

Circular 36 states that VAT is exempted on gains derived by Hong Kong and overseas investors from the transfer of PRC A-Shares through Stock Connect. Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of the VAT payable.

Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of PRC A-Shares and PRC B-Shares traded on the PRC stock exchanges, at the rate of 0.1%. In the case of contracts for sale of PRC A-Shares and PRC B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser.

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future, and any such change may result in higher taxation on PRC investments than currently contemplated and may have an adverse effect on the asset value of the Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the Fund invests in, thereby reducing the income from, and/or value of the Shares.

STRICTLY PRIVATE AND CONFIDENTIAL

APPENDIX 2 TO OFFERING MEMORANDUM

This Appendix forms part of and is, unless otherwise stated, qualified in its entirety by the contents of the Offering Memorandum dated June 2016 (the “Offering Memorandum”) in respect of UBS (CAY) Investment Fund SPC (the “Company” or “UBS (CAY) Investment Fund”). This Appendix should only be read in conjunction with the Offering Memorandum.

This Appendix relates only to Shares of the UBS Renminbi Fixed Income Fund Segregated Portfolio (the “Fund” or “UBS Renminbi Fixed Income Fund”).

UBS (CAY) Investment Fund SPC

(an open-ended segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Renminbi Fixed Income Fund Segregated Portfolio

(a sub-fund and segregated portfolio of the Company)

June 2016

UBS RENMINBI FIXED INCOME FUND

The following information relates to the UBS Renminbi Fixed Income Fund, a segregated portfolio of UBS (CAY) Investment Fund. Accordingly references in this Appendix to “Fund” and “Shares” relate to UBS Renminbi Fixed Income Fund and Shares attributed to it respectively.

DEFINITIONS

“A-Shares”	shares issued by companies incorporated in the PRC and listed on the SSE or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic PRC investors, QFIIs and RQFIIs and through Stock Connect.
“Class A Shares”	the Class A (CHF) Shares, the Class A (CHF hedged to USD) Shares, the Class A (EUR) Shares, the Class A (EUR hedged to USD) Shares, the Class A (HKD) Shares, the Class A (JPY) Shares, the Class A (JPY hedged to USD) Shares, the Class A (RMB) Shares, the Class A (SGD) Shares, the Class A (SGD hedged to USD) Shares and/or the Class A (USD) Shares, as the context requires.
“Class A (CHF) Share”	a Share whose reference currency is Swiss francs and designated as a Class A (CHF) Share.
“Class A (CHF hedged to USD) Share”	a Share whose reference currency is Swiss francs and designated as a Class A (CHF hedged to USD) Share.
“Class A (EUR) Share”	a Share whose reference currency is Euros and designated as a Class A (EUR) Share.
“Class A (EUR hedged to USD) Share”	a Share whose reference currency is Euros and designated as a Class A (EUR hedged to USD) Share.
“Class A (HKD) Share”	a Share whose reference currency is Hong Kong dollars and designated as a Class A (HKD) Share.
“Class A (JPY) Share”	a Share whose reference currency is Japanese Yen and designated as a Class A (JPY) Share.
“Class A (JPY hedged to USD) Share”	a Share whose reference currency is Japanese Yen and designated as a Class A (JPY hedged to USD) Share.
“Class A (RMB) Share”	a Share whose reference currency is Renminbi and designated as a Class A (RMB) Share.
“Class A (SGD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class A (SGD) Share.
“Class A (SGD hedged to USD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class A (SGD hedged to USD) Share.
“Class A-mdist Share”	the Class A-mdist (AUD) Shares, the Class A-mdist (AUD hedged to USD) Shares, the Class A-mdist (CHF) Shares, the Class A-mdist (CHF hedged to USD) Shares, the Class A-mdist (EUR) Shares, the Class A-mdist (EUR hedged to USD) Shares, the Class A-mdist

	<p>(GBP) Shares, the Class A-mdist (GBP hedged to USD) Share, the Class A-mdist (HKD) Shares, the Class A-mdist (JPY hedged to USD) Shares, the Class A-mdist (NZD) Shares, the Class A-mdist (NZD hedged to USD) Share, the Class A-mdist (RMB) Shares, the Class A-mdist (SGD hedged to USD) Shares and/or the Class A-mdist (USD) Shares, as the context requires.</p>
"Class A-mdist (AUD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class A-mdist (AUD) Share.
"Class A-mdist (AUD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class A-mdist (AUD hedged to USD) Share.
"Class A-mdist (CHF) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A-mdist (CHF) Share.
"Class A-mdist (CHF hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A-mdist (CHF hedged to USD) Share.
"Class A-mdist (EUR) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A-mdist (EUR) Share.
"Class A-mdist (EUR hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A-mdist (EUR hedged to USD) Share.
"Class A-mdist (GBP) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class A-mdist (GBP) Share.
"Class A-mdist (GBP hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class A-mdist (GBP hedged to USD) Share.
"Class A-mdist (HKD) Share"	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class A-mdist (HKD) Share.
"Class A-mdist (JPY) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A-mdist (JPY) Share.
"Class A-mdist (JPY hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A-mdist (JPY hedged to USD) Share.
"Class A-mdist (NZD)"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class

Share"	A-mdist (NZD) Share.
"Class A-mdist (NZD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class A-mdist (NZD hedged to USD) Share.
"Class A-mdist (RMB) Shares"	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class A-mdist (RMB) Share.
"Class A-mdist (SGD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A-mdist (SGD) Share.
"Class A-mdist (SGD hedged to USD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A-mdist (SGD hedged to USD) Share
"Class A-mdist (USD) Shares"	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A-mdist (USD) Share.
"Class F Share"	the Class F (CHF) Shares, the Class F (CHF hedged to USD) Shares, the Class F (EUR) Shares, the Class F (EUR hedged to USD) Shares, the Class F (HKD) Shares, the Class F (JPY) Shares, the Class F (JPY hedged to USD) Shares, the Class F (RMB) Shares, the Class F (SGD) Shares, the Class F (SGD hedged to USD) Shares and/or the Class F (USD) Shares, as the context requires.
"Class F (CHF) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class F (CHF) Share.
"Class F (CHF hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class F (CHF hedged to USD) Share.
"Class F (EUR) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class F (EUR) Share.
"Class F (EUR hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class F (EUR hedged to USD) Share.
"Class F (HKD) Share"	a Share whose reference currency is Hong Kong dollars and designated as a Class F (HKD) Share.
"Class F (JPY) Share"	a Share whose reference currency is Japanese Yen and designated as a Class F (JPY) Share.

“Class F (JPY hedged to USD) Share”	a Share whose reference currency is Japanese Yen and designated as a Class F (JPY hedged to USD) Share.
“Class F (RMB) Share”	a Share whose reference currency is Renminbi and designated as a Class F (RMB) Share.
“Class F (SGD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class F (SGD) Share.
“Class F (SGD hedged to USD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class F (SGD hedged to USD) Share.
“Class F (USD) Share”	a Share whose reference currency is USD and designated as a Class F (USD) Share.
“Class K-1 Shares”	the Class K-1 (CHF) Shares, the Class K-1 (CHF hedged to USD) Shares, the Class K-1 (EUR) Shares, the Class K-1 (EUR hedged to USD) Shares, the Class K-1 (HKD) Shares, the Class K-1 (JPY) Shares, the Class K-1 (JPY hedged to USD) Shares, the Class K-1 (RMB) Shares, the Class K-1 (SGD) Shares, the Class K-1 (SGD hedged to USD) Shares and/or the Class K-1 (USD) Shares, as the context requires.
“Class K-1 (CHF) Share”	a Share whose reference currency is Swiss francs and designated as a Class K-1 (CHF) Share.
“Class K-1 (CHF hedged to USD) Share”	a Share whose reference currency is Swiss francs and designated as a Class K-1 (CHF hedged to USD) Share.
“Class K-1 (EUR) Share”	a Share whose reference currency is Euros and designated as a Class K-1 (EUR) Share.
“Class K-1 (EUR hedged to USD) Share”	a Share whose reference currency is Euros and designated as a Class K-1 (EUR hedged to USD) Share.
“Class K-1 (HKD) Share”	a Share whose reference currency is Hong Kong dollars and designated as a Class K-1 (HKD) Share.
“Class K-1 (JPY) Share”	a Share whose reference currency is Japanese Yen and designated as a Class K-1 (JPY) Share.
“Class K-1 (JPY hedged to USD) Share”	a Share whose reference currency is Japanese Yen and designated as a Class K-1 (JPY hedged to USD) Share.
“Class K-1 (RMB) Share”	a Share whose reference currency is Renminbi and designated as a Class K-1 (RMB) Share.
“Class K-1 (SGD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class K-1 (SGD) Share.
“Class K-1 (SGD hedged to USD) Share”	a Share whose reference currency is Singapore dollars and designated as a Class K-1 (SGD hedged to USD) Share.
“Class K-1 (USD) Share”	a Share whose reference currency is USD and designated as a

Class K-1 (USD) Share.

"Class K-1-mdist Share"	the Class K-1-mdist (AUD) Shares, the Class K-1-mdist (AUD hedged to USD) Shares, the Class K-1-mdist (CHF) Shares, the Class K-1-mdist (CHF hedged to USD) Shares, the Class K-1-mdist (EUR) Shares, the Class K-1-mdist (EUR hedged to USD) Shares, the Class K-1-mdist (GBP) Shares, the Class K-1-mdist (GBP hedged to USD) Shares, the Class K-1-mdist (HKD) Shares, the Class K-1-mdist (JPY) Shares, the Class K-1-mdist (JPY hedged to USD) Shares, the Class K-1-mdist (NZD) Shares, the Class K-1-mdist (NZD hedged to USD) Shares, the Class K-1-mdist (RMB) Shares, the Class K-1-mdist (SGD) Shares, the Class K-1-mdist (SGD hedged to USD) Shares and/or the Class K-1-mdist (USD) Shares, as the context requires.
"Class K-1-mdist (AUD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class K-1-mdist (AUD) Share.
"Class K-1-mdist (AUD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class K-1-mdist (AUD hedged) Share.
"Class K-1-mdist (CHF) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class K-1-mdist (CHF) Share.
"Class K-1-mdist (CHF hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class K-1-mdist (CHF hedged) Share.
"Class K-1-mdist (EUR) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class K-1-mdist (EUR) Share.
"Class K-1-mdist (EUR hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class K-1-mdist (EUR hedged) Share.
"Class K-1-mdist (GBP) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class K-1-mdist (GBP) Share.
"Class K-1-mdist (GBP hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is British pound sterling and which is designated as a Class K-1-mdist (GBP hedged) Share.
"Class K-1-mdist (HKD) Share"	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class K-1-mdist (HKD) Share.
"Class K-1-mdist (JPY) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class

	K-1-mdist (JPY) Share.
"Class K-1-mdist (JPY hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class K-1-mdist (JPY hedged) Share.
"Class K-1-mdist (NZD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class K-1-mdist (NZD) Share.
"Class K-1-mdist (NZD hedged to USD) Share"	an ordinary participating share in the Company whose reference currency is New Zealand dollars and which is designated as a Class K-1-mdist (NZD hedged) Share.
"Class K-1-mdist (RMB) Shares"	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class K-1-mdist (RMB) Share.
"Class K-1-mdist (SGD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class K-1-mdist (SGD) Share.
"Class K-1-mdist (SGD hedged to USD) Shares"	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class K-1-mdist (SGD hedged) Share
"Class Q Shares"	the Class Q (EUR) Shares and/or the Class Q (USD) Shares, as the context requires.
"Class Q (EUR) Share"	a Share whose reference currency is Euros and designated as a Class Q (EUR) Share.
"Class Q (USD) Share"	a Share whose reference currency is USD and designated as a Class Q (USD) Share.
"Dealing Day"	each Business Day or such other day or days as the Directors may from time to time determine.
"Distribution Shares"	the Class A-mdist Shares and/or the Class K-1-mdist Shares, as the context requires.
"Fund" or "UBS Renminbi Fixed Income Fund"	UBS Renminbi Fixed Income Fund Segregated Portfolio.
"Initial Issue Price"	the initial offer price per Share of Shares of each Class of the Fund, as set out in the section headed "Subscriptions" below.
"Initial Offer Period"	in respect of any Class, the period commencing at 9.00 am (Hong Kong time) on the relevant Offer Start Date and ending at such time and on such date as determined by the Manager (or any other period as the Manager may determine in its discretion).
"Investment Manager"	UBS Asset Management (Singapore) Ltd.

“MOF”	the Ministry of Finance of the PRC.
“Offer Start Date”	in respect of any Class, the date specified in the section headed “Subscriptions” below.
“PRC Broker(s)”	one or more brokers selected by the QFII or RQFII, as the context requires, to act on its behalf and execute transactions for the Fund in the onshore PRC securities markets.
“QFII”	a qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.
“RQFII”	a renminbi qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.
“SAFE”	the State Administration of Foreign Exchange of the PRC.
“SAT”	the State Administration of Taxation of the PRC.
“Shares”	<p>the Class A Shares; the Class K-1 Shares; the Class F Shares; the Class A-mdist Shares; the Class -K-1-mdist Shares; and/or the Class Q Shares,</p> <p>as the context requires, each of which has a par value of RMB0.01 per Share (other than (i) Class A (JPY) Shares which have a par value of RMB10 per Share and (ii) Class K-1 (RMB) Shares which have a par value of RMB0.00001 per Share) and each of which is attributable to a separate Class Account attributable to the Fund.</p>
“Stock Connect”	the Shanghai-Hong Kong Stock Connect securities trading and clearing linked programme.

BASE CURRENCY

The base currency of the Fund is the Renminbi.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The investment objective of the Fund is to seek to maximise current income while maintaining prospects for capital appreciation by investing in fixed income instruments and deposits that are denominated in or has exposure to RMB. The Fund seeks to provide investors with an opportunity to obtain direct and/or indirect RMB exposure.

Investment approach

The Fund seeks to achieve its investment objective by investing primarily in RMB-denominated fixed income instruments and RMB deposits. Such investments will primarily be in offshore RMB-denominated bonds issued or listed outside of the PRC and offshore RMB fixed deposits, but

the Fund may, where possible and permissible by applicable laws and regulations, also invest in onshore RMB-denominated bonds issued or listed in the PRC or in funds which provide such exposure.

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the China Securities Regulatory Commission and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets. The Company itself is not a QFII or RQFII, but may invest directly or indirectly in onshore fixed income instruments issued or distributed within the PRC through the QFII or RQFII status and quota of other institutions, which may include the QFII status and quota of UBS AG, the parent company of the Manager and Investment Manager (the "QFII Holder").

The Fund's portfolio may also include non-RMB-denominated fixed income instruments including fixed or floating rate securities (including short term money market instruments) and cash and cash equivalents. The Manager and Investment Manager will generally seek to hedge any such non-RMB exposure of the portfolio by using currency exchange derivative instruments, including non-deliverable forward contracts for RMB and deliverable forward contracts for offshore RMB.

The asset allocation strategy may change depending on prevailing market circumstances.

Fixed income instruments (whether or not denominated in RMB) invested into by the Fund will generally have a rating of (i) at least BBB-/Baa3 assigned by Moody's Investors Services, Standard & Poor's or Fitch; or (ii) where no rating from any rating agency is available, at least investment grade as assessed by the Manager and/or Investment Manager, as applicable.

In addition to the currency hedging techniques described above, the Fund may also use standardised and non-standardised (customised) derivative financial instruments for investment, hedging and efficient portfolio management purposes. It may conduct such transactions on a stock exchange or other regulated market open to the public, or directly with a bank or financial institution specialising in these types of business as counterparty (OTC trading).

The Fund will not attempt to follow benchmark indices in determining the geographical or sector weightings of the Fund. As such, there are no fixed geographical or sectoral weightings in the allocation of assets in the Fund.

Hedging foreign currency exposure of Class Accounts to USD

The Manager will seek to hedge the funding currency exposure of the following Class Accounts to the USD:

Class A (CHF hedged to USD) Shares;

Class A (EUR hedged to USD) Shares;

Class A (JPY hedged to USD) Shares;

Class A (SGD hedged to USD) Shares;

Class A-mdist (AUD hedged to USD) Shares;

Class A-mdist (CHF hedged to USD) Shares;

Class A-mdist (EUR hedged to USD) Shares;

Class A-mdist (GBP hedged to USD) Shares;
 Class A-mdist (JPY hedged to USD) Shares;
 Class A-mdist (NZD hedged to USD) Shares;
 Class A-mdist (SGD hedged to USD) Shares;
 Class K-1 (CHF hedged to USD) Shares;
 Class K-1 (EUR hedged to USD) Shares;
 Class K-1 (JPY hedged to USD) Shares;
 Class K-1 (SGD hedged to USD) Shares;
 Class K-1-mdist (AUD hedged to USD) Shares;
 Class K-1-mdist (CHF hedged to USD) Shares;
 Class K-1-mdist (EUR hedged to USD) Shares;
 Class K-1-mdist (GBP hedged to USD) Shares;
 Class K-1-mdist (JPY hedged to USD) Shares;
 Class K-1-mdist (SGD hedged to USD) Shares;
 Class K-1-mdist (NZD hedged to USD) Shares;
 Class F (CHF hedged to USD) Shares;
 Class F (EUR hedged to USD) Shares;
 Class F (JPY hedged to USD) Shares; and
 Class F (SGD hedged to USD) Shares,

through the use of spot and forward foreign exchange contracts (including non-deliverable forwards) or other methods of reducing exposure to currency fluctuations to the USD, with the aim of minimising the impact of such fluctuations on the Net Asset Value of the relevant Class Accounts. Accordingly, such Classes are suitable for investors who wish to reflect the reference currency of the Class Accounts in USD, and be exposed to fluctuations between the USD and RMB currency.

Although there can be no guarantee that it will be possible to fully hedge the total Net Asset Value of a relevant Class Account against currency fluctuations from its reference currency to the USD, it should be noted that various factors, including but not limited to changes in the value of the hedged portions of the portfolio, exchange rate movements between the USD and RMB and the volume of subscriptions and redemptions, may have an impact on the level of currency hedging held in the Share Class Account.

Investment and borrowing restrictions

The following investment restrictions apply to the Fund:

- (a) not more than 10% of the Net Asset Value of the Fund may be invested in securities (other than government and other public securities¹) and interests in collective investment schemes issued by any single issuer;
- (b) ordinary shares (other than government and other public securities) issued by any single issuer held for the account of the Fund, when aggregated with other holdings of ordinary shares issued by the same issuer held for the account of all other segregated portfolios of the Company may not exceed 10% of the nominal amount of the ordinary shares of such issuer in issue;
- (c) not more than 15% of the Net Asset Value of the Fund may be invested in securities which are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;
- (d) notwithstanding (a) and (b) above, up to 30% of the Net Asset Value of the Fund may be invested in government and other public securities of the same issue;
- (e) subject to (d), all of the assets of the Fund may be invested in government and other public securities in at least six different issues²;
- (f) not more than 20% of the Net Asset Value of the Fund may be invested in (i) commodities (including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, securities of companies engaged in the production, processing or trading of commodities) and (ii) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Fund);
- (g) the value of warrants and options held for the account of the Fund, in terms of the total amount of premium paid (other than for hedging purposes), may not exceed 15% of the Net Asset Value of the Fund; and
- (h) where the Fund invests in units or shares of other collective investment schemes ("underlying schemes"), the value of the units or shares held for the account of the Fund in

¹ In these investment restrictions, "government and other public securities" mean:

(A) any investment issued by, or the payment of principal and interest on which is guaranteed by:

- (i) the government of any member state of the Organisation for Economic Co-operation and Development ("OECD"),
- (ii) the Central Government of the PRC, or
- (iii) the Government of Hong Kong; or

(B) any fixed interest investment issued by a public or local authority or nationalised industry of:

- (i) any OECD country,
- (ii) the PRC,
- (iii) Hong Kong, or
- (iv) anywhere in the world by any other body which is, in the opinion of the Custodian, of similar standing.

For these purposes, the Central Government of the PRC includes its ministries and agencies, which will be treated as including the MOF and the People's Bank of China, and the PRC's three policy banks, namely, China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China.

² Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

each such underlying scheme may not exceed 100% of the Net Asset Value of the Fund, provided that:

- (1) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by the investment restrictions set out herein, and where that underlying scheme's objective is to invest primarily in investments restricted by the investment restrictions set out herein, such holdings may not be in contravention of the relevant limitation;
- (2) where an investment is made in any underlying scheme(s) managed by the Manager or any of its connected persons, all initial charges on the underlying scheme(s) must be waived; and
- (3) neither the Manager nor the Investment Manager may obtain a rebate on any fees or charges levied by an underlying scheme or its management company.

In respect of the Fund, the Company shall not:

- (a) invest in a security of any class in any company or body if any director or officer of the Manager or Investment Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or collectively own more than 5% of those securities;
- (b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs));
- (c) make short sales if as a consequence the liability to deliver securities would exceed 10% of the Net Asset Value of the Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (d) write uncovered options;
- (e) write a call option if the aggregate of the exercise prices of all such call options written in respect of the Fund would exceed 25% of the Net Asset Value of the Fund;
- (f) make a loan out of the assets of the Fund without the prior written consent of the Custodian, except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (g) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Custodian;
- (h) enter into any obligation in respect of the Fund or acquire any asset for the account of the Fund which involves the assumption of any liability which is unlimited; or
- (i) apply any part of the assets of the Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Fund which has not been appropriated and set aside for any other purposes.

The Fund may borrow up to 25% of its latest available Net Asset Value. Cash may be borrowed from banks and other financial institutions. The assets of the Fund may be charged or pledged as

security for any such borrowings but the value of the assets charged or pledged may not exceed the amount of the indebtedness.

Securities lending

The Company may enter into securities lending arrangements in respect of the Fund. However, it is not the current intention that such arrangements will be made. Should the Manager and/or Investment Manager decide to enter into such arrangements in the future, this Offering Memorandum will be amended to provide details of the arrangements.

MANAGEMENT

The Investment Manager

The Manager has delegated power to manage and invest certain assets of the Fund to the Investment Manager, UBS Asset Management (Singapore) Ltd. The Investment Manager has full discretion to invest certain assets of the Fund in pursuit of the investment objective and approach and subject to the investment restrictions described herein.

The Investment Manager was incorporated with limited liability in Singapore on 17 December 1993. The Investment Manager is authorised and regulated in Singapore in the conduct of its investment business by the Monetary Authority of Singapore. The Investment Manager is part of the Asset Management Business Division of the UBS Group AG.

SUBSCRIPTIONS

Availability only to certain investors

Class A Shares, Class A-mdist Shares, Class K-1 Shares and Class K-1-mdist Shares are available to all investors.

Class F Shares are only available for subscription or transfer to a person who has an existing portfolio management contract with an entity in the UBS AG Group (each a “UBS PM”) or such other persons as may otherwise be approved by the Manager in its discretion. For such purposes, “UBS AG Group” means: (i) UBS AG; (ii) any holding company of UBS AG; (iii) any subsidiary of UBS AG or such holding company; or (iv) any entity (the “Affiliated Entity”) in which any of (i) to (iii) holds a 20% or greater holding of the Affiliated Entity’s shares and/or similar interest.

In the event that such a Shareholder’s portfolio management contract with the relevant UBS PM has been terminated, such Shareholder may no longer hold Class F Shares. In such circumstances, the Company may either: (i) compulsorily redeem Class F Shares held by such Shareholder; and/or (ii) exchange Class F Shares held by such Shareholder into Shares of another Class (and by subscribing for Class F Shares such Shareholder will be deemed to have given its irrevocable consent to such exchange). The Directors have authorised the Manager to determine in its discretion whether to exercise the right to compulsorily redeem and/or exchange Class F Shares. Where the Manager determines to exercise the right to compulsorily redeem and/or exchange Class F Shares, the Manager will notify the Shareholder in writing following such redemption and/or exchange being effected.

Class Q Shares are available only: (i) for distribution pursuant to UBS AG advisory and/or discretionary agreements in Switzerland; or (ii) to investors domiciled in other countries, if they are investment professionals and a written agreement exists with UBS AG; and who make the following investments in their own name and: (a) on their own behalf; (b) on behalf of their clients within a (discretionary) asset management agreement; or (c) on behalf of their clients within the framework

of an advisory relationship established in writing, in return for payment; or (d) on behalf of a collective investment managed by a professional of the financial sector.

Admission of investors in further distribution countries shall be decided by the Directors at their sole discretion and disclosed on www.ubs.com/funds.

Shares of the following Classes may be subscribed for during the relevant Initial Offer Period at the following Initial Issue Prices:

Class	Initial Issue Price (exclusive of any initial fee)	Offer Start Date
Class A (CHF) Shares	CHF100	Not applicable
Class A (CHF hedged to USD) Shares	CHF100	Not applicable
Class A (EUR) Shares	EUR100	Not applicable
Class A (EUR hedged to USD) Shares	EUR100	Not applicable
Class A (HKD) Shares	HKD1,000	Not applicable
Class A (JPY) Shares	JPY100,000	Not applicable
Class A (JPY hedged to USD) Shares	JPY100,000	Not applicable
Class A (RMB) Shares	RMB1,000	Not applicable
Class A (SGD) Shares	SGD100	Not applicable
Class A (SGD hedged to USD) Shares	SGD100	Not applicable
Class A (USD) Shares	USD100	Not applicable
Class A-mdist (AUD) Shares	AUD100	Not applicable
Class A-mdist (AUD hedged to USD) Shares	AUD100	Not applicable
Class A-mdist (CHF) Shares	CHF100	Not applicable
Class A-mdist (CHF hedged to USD) Shares	CHF100	Not applicable
Class A-mdist (EUR) Shares	EUR100	Not applicable
Class A-mdist (EUR hedged to USD) Shares	EUR100	Not applicable
Class A-mdist (GBP) Shares	GBP100	Not applicable
Class A-mdist (GBP hedged to USD) Shares	GBP100	Not applicable
Class A-mdist (HKD) Shares	HKD100	Not applicable
Class A-mdist (JPY) Shares	JPY100,000	Not applicable
Class A-mdist (JPY hedged to USD) Shares	JPY100,000	Not applicable
Class A-mdist (NZD) Shares	NZD100	Not applicable
Class A-mdist (NZD hedged to USD) Shares	NZD100	Not applicable
Class A-mdist (RMB) Shares	RMB100	Not applicable
Class A-mdist (SGD) Shares	SGD100	Not applicable
Class A-mdist (SGD hedged to USD) Shares	SGD100	Not applicable
Class A-mdist (USD) Shares	USD100	Not applicable
Class K-1 (CHF) Shares	CHF3 million	Not applicable

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Class K-1 (CHF hedged to USD) Shares	CHF3 million	Not applicable
Class K-1 (EUR) Shares	EUR2 million	Not applicable
Class K-1 (EUR hedged to USD) Shares	EUR2 million	Not applicable
Class K-1 (HKD) Shares	HKD25 million	Not applicable
Class K-1 (JPY) Shares	JPY250 million	Not applicable
Class K-1 (JPY hedged to USD) Shares	JPY250 million	Not applicable
Class K-1 (SGD) Shares	SGD4 million	Not applicable
Class K-1 (SGD hedged to USD) Shares	SGD4 million	Not applicable
Class K-1-mdist (AUD) Shares	AUD4 million	Not applicable
Class K-1-mdist (AUD hedged to USD) Shares	AUD4 million	Not applicable
Class K-1-mdist (CHF) Shares	CHF3 million	Not applicable
Class K-1-mdist (CHF hedged to USD) Shares	CHF3 million	Not applicable
Class K-1-mdist (EUR) Shares	EUR2 million	Not applicable
Class K-1-mdist (EUR hedged to USD) Shares	EUR2 million	Not applicable
Class K-1-mdist (GBP) Shares	GBP2 million	Not applicable
Class K-1-mdist (GBP hedged to USD) Shares	GBP2 million	Not applicable
Class K-1-mdist (HKD) Shares	HKD25 million	Not applicable
Class K-1-mdist (JPY) Shares	JPY250 million	Not applicable
Class K-1-mdist (JPY hedged to USD) Shares	JPY250 million	Not applicable
Class K-1-mdist (NZD) Shares	NZD5 million	Not applicable
Class K-1-mdist (NZD hedged to USD) Shares	NZD5 million	Not applicable
Class K-1-mdist (RMB) Shares	RMB20,000	Not applicable
Class K-1-mdist (SGD) Shares	SGD4 million	Not applicable
Class K-1-mdist (SGD hedged to USD) Shares	SGD4 million	Not applicable
Class K-1-mdist (USD) Shares	USD3 million	Not applicable
Class F (CHF) Shares	CHF100	Not applicable
Class F (CHF hedged to USD) Shares	CHF100	Not applicable
Class F (EUR) Shares	EUR100	Not applicable
Class F (EUR hedged to USD) Shares	EUR100	Not applicable
Class F (HKD) Shares	HKD100	Not applicable
Class F (JPY) Shares	JPY100,000	Not applicable
Class F (JPY hedged to USD) Shares	JPY100,000	Not applicable
Class F (RMB) Shares	RMB100	Not applicable
Class F (SGD) Shares	SGD100	Not applicable
Class F (SGD hedged to USD) Shares	SGD100	Not applicable
Class F (USD) Shares	USD100	Not applicable
Class Q (EUR) Share	EUR100	Not applicable

Class Q (USD) Share	USD100	Not applicable
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The Manager may determine that any Class will not be issued if subscriptions for Shares of such Class during the relevant Initial Offer Period does not reach at least USD1 million or its equivalent in the relevant currency. In such circumstances, subscription proceeds will be returned to applicants (without interest) by telegraphic transfer (at the risk of, and cost to, each such applicant) as soon as possible following the end of the Initial Offer Period.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period, Shares may be purchased on any relevant Dealing Day and the Subscription Price will be equal to the Net Asset Value per Share as at the Dealing Day on which the application is effective (and is exclusive of any initial fee).

Subscription monies must be paid by the applicant in cleared funds in full, in the reference currency of the Class of Shares being subscribed, by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the Fund, and the Manager may require the applicant to pay to the Company, for the account of the Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription monies in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time.

Smallest tradable unit

Fractions of Shares will be issued for only certain Classes, and accordingly subscriptions, redemptions and exchanges will be subject to the following smallest tradable units:

Class	Smallest tradable unit
Class A (CHF) Shares	0.001 Share
Class A (CHF hedged to USD) Shares	0.001 Share
Class A (EUR) Shares	0.001 Share
Class A (EUR hedged to USD) Shares	0.001 Share
Class A (HKD) Shares	0.001 Share
Class A (JPY) Shares	0.001 Share
Class A (JPY hedged to USD) Shares	0.001 Share
Class A (RMB) Shares	0.001 Share
Class A (SGD) Shares	0.001 Share
Class A (SGD hedged to USD) Shares	0.001 Share
Class A (USD) Shares	0.001 Share
Class A-mdist (AUD) Shares	0.001 Share

Class A-mdist (AUD hedged to USD) Shares	0.001 Share
Class A-mdist (CHF) Shares	0.001 Share
Class A-mdist (CHF hedged to USD) Shares	0.001 Share
Class A-mdist (EUR) Shares	0.001 Share
Class A-mdist (EUR hedged to USD) Shares	0.001 Share
Class A-mdist (GBP) Shares	0.001 Share
Class A-mdist (GBP hedged to USD) Shares	0.001 Share
Class A-mdist (HKD) Shares	0.001 Share
Class A-mdist (JPY) Shares	0.001 Share
Class A-mdist (JPY hedged to USD) Shares	0.001 Share
Class A-mdist (NZD) Shares	0.001 Share
Class A-mdist (NZD hedged to USD) Shares	0.001 Share
Class A-mdist (RMB) Shares	0.001 Share
Class A-mdist (SGD) Shares	0.001 Share
Class A-mdist (SGD hedged to USD) Shares	0.001 Share
Class A-mdist (USD) Shares	0.001 Share
Class K-1 (CHF) Shares	0.1 Share
Class K-1 (CHF hedged to USD) Shares	0.1 Share
Class K-1 (EUR) Shares	0.1 Share
Class K-1 (EUR hedged to USD) Shares	0.1 Share
Class K-1 (HKD) Shares	0.1 Share
Class K-1 (JPY) Shares	0.1 Share
Class K-1 (JPY hedged to USD) Shares	0.1 Share
Class K-1 (RMB) Shares	0.1 Share
Class K-1 (SGD) Shares	0.1 Share
Class K-1 (SGD hedged to USD) Shares	0.1 Share
Class K-1 (USD) Shares	0.1 Share
Class K-1-mdist (AUD) Shares	0.1 Share
Class K-1-mdist (AUD hedged to USD) Shares	0.1 Share
Class K-1-mdist (CHF) Shares	0.1 Share
Class K-1-mdist (CHF hedged to USD) Shares	0.1 Share
Class K-1-mdist (EUR) Shares	0.1 Share
Class K-1-mdist (EUR hedged to USD) Shares	0.1 Share
Class K-1-mdist (GBP) Shares	0.1 Share
Class K-1-mdist (GBP hedged to USD) Shares	0.1 Share
Class K-1-mdist (HKD) Shares	0.1 Share
Class K-1-mdist (JPY) Shares	0.1 Share

Class K-1-mdist (JPY hedged to USD) Shares	0.1 Share
Class K-1-mdist (NZD) Shares	0.1 Share
Class K-1-mdist (NZD hedged to USD) Shares	0.1 Share
Class K-1-mdist (RMB) Shares	0.1 Share
Class K-1-mdist (SGD) Shares	0.1 Share
Class K-1-mdist (SGD hedged to USD) Shares	0.1 Share
Class K-1-mdist (USD) Shares	0.1 Share
Class F (CHF) Shares	0.001 Share
Class F (CHF hedged to USD) Shares	0.001 Share
Class F (EUR) Shares	0.001 Share
Class F (EUR hedged to USD) Shares	0.001 Share
Class F (HKD) Shares	0.001 Share
Class F (JPY) Shares	0.001 Share
Class F (JPY hedged to USD) Shares	0.001 Share
Class F (RMB) Shares	0.001 Share
Class F (SGD) Shares	0.001 Share
Class F (SGD hedged to USD) Shares	0.001 Share
Class F (USD) Shares	0.001 Share
Class Q (EUR) Shares	0.001 Share
Class Q (USD) Shares	0.001 Share

Investors should note that subscriptions, redemptions and exchanges of Class K-1 Shares can only be made in multiples of its smallest tradable unit (as set out above), and not in a monetary amount.

Initial fee

The Company and/or the Manager may appoint one or more distributors to solicit subscriptions for Shares. Such distributors may charge applicants an initial fee of up to 5% of the amount subscribed for the Shares (exclusive of the amount subscribed for the Shares). The relevant distributor may waive the payment of all or part of the initial fee.

Minimum investment

In respect of the Fund, the minimum initial investment per applicant (after deduction of any initial fee and any anti-dilution levy) irrespective of which Class or Classes being subscribed is USD100,000 or its equivalent in the reference currency or currencies of the Shares being subscribed, or such other minimum investment as may be required by Cayman Islands law.

In respect of each Class, the minimum initial investment per applicant (after deduction of any initial fee and any anti-dilution levy, if applicable), is as follows:

Class	Minimum initial investment
Class A Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)

Class A-midst Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)
Class K-1 Shares	USD3 million (or an equivalent amount in the reference currency of the Shares being subscribed)
Class K-1-midst Shares	USD3 million (or an equivalent amount in the reference currency of the Shares being subscribed)
Class F Shares	nil*
Class Q Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)

* subject to the minimum initial investment per applicant of the equivalent of USD100,000, or such other minimum investment as may be required by Cayman Islands law, at the level of the Fund

The Directors may, generally or in any particular case, determine that the minimum initial investment per applicant of a lesser amount applies, provided that such lesser amount is consistent with the Fund being registered under section 4(3) of the Mutual Funds Law.

Distributors may impose different minimum investment amounts, which in some cases may be less than the minimum amounts set out above. Investors should check with the distributors for details.

Anti-dilution levy

Where in respect of a Dealing Day net subscription for Shares (including exchanges for Shares) exceeds 10% of the Fund's Net Asset Value prior to such subscription, the Manager may in its discretion impose an anti-dilution levy of up to 2% of the value of each applicant's subscription(s) or exchange(s) on the relevant Dealing Day. Such anti-dilution levy will be deducted from the subscription moneys paid by each Shareholder.

REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on any Dealing Day. A completed redemption request must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on any Dealing Day.

The Redemption Price will be equal to the Net Asset Value per Share as at the relevant Dealing Day and net of anti-dilution levy, if any.

Minimum redemption and Minimum Holding

Subject to the minimum tradable unit of each Class, the Fund does not impose any minimum redemption requirement nor any Minimum Holding.

Redemption fee

No redemption fee is charged in respect of the Fund.

Anti-dilution levy

Where in respect of a Dealing Day net redemption for Shares (including exchanges of Shares) exceeds 10% of the Fund's Net Asset Value prior to such redemption, the Manager may in its discretion impose an anti-dilution levy of up to 2% of the value of each Shareholder's redemption(s) or exchange(s) on the relevant Dealing Day. Such anti-dilution levy will be deducted from the redemption proceeds payable to each Shareholder.

Settlement

Payment of redemption proceeds will normally be made in the reference currency of the Class of Shares being redeemed within 4 Business Days of the later of: (1) the relevant Dealing Day; and (2) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in which a substantial portion of the Fund's direct or indirect investments is made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

Redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not to materially prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing in aggregate more than 10% (or such higher percentage as the Directors determine) of the total number of Shares attributable to the Fund then in issue, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders who have submitted redemption requests on the relevant Dealing Day. Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares attributable to the Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the original redemption requests are fully carried out. The Company is entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

EXCHANGES

The exchange of Shares of one Class for Shares of another Class in the Fund or shares attributable to another segregated portfolio of the Company will be permitted. An exchange fee of up to 1% of the value of Shares being exchanged may be payable to the Manager or an authorised distributor in respect of the Fund.

Any such exchange will be made on an Exchange Dealing Day, subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged and a completed exchange request must be received by the Administrator's Delegate by 6pm (HK time) prior to the Exchange Dealing Day, unless decided otherwise by the Manager at its discretion.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the

rate of exchange available to the Administrator or the Administrator's Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

DISTRIBUTION POLICY

General

The Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Distribution Shares

The Directors intend to make monthly distributions in relation to the Distributing Shares which may not be limited to the realised capital gains and net income of the Fund and which may reduce the Net Asset Value of the relevant Class. For the avoidance of doubt, such payments shall include gross-of-fee distributions.

Distributions will be paid in the reference currency of the relevant Class in compliance with applicable laws. The Fund's distribution policy may be amended by the Directors.

FEES AND EXPENSES

Management Fee and Fund Servicing Fee

The Manager is entitled to receive from the Company in respect of the Fund a Management Fee in respect of each Class of Shares. The Manager may from time to time at its sole discretion and out of its own resources rebate to some or all Shareholders or their agents or to intermediaries, part or all of its management fees. Any such rebates may be applied in paying up additional Participating Shares to be issued to some or all Shareholders.

The Manager is also entitled to receive from the Fund a Fund Servicing Fee in respect of each Class.

The Management Fee and Fund Servicing Fee in respect of each Class, calculated as at each Valuation Point and payable monthly in arrears, are as follows:

Class	Management Fee* (% per annum of the Net Asset Value of the Class Account)	Fund Servicing Fee* (% per annum of the Net Asset Value of the Class Account)
Class A Shares	up to 0.56%	up to 0.20%
Class A-mdist Shares	up to 0.56%	up to 0.20%
Class K-1 Shares	up to 0.24%	up to 0.09%
Class K-1-mdist Shares	up to 0.24%	up to 0.09%
Class F Shares	up to 0.24%	up to 0.09%
Class Q Shares	up to 0.34%	up to 0.20%

* before deduction of any accrued Management Fee and any Fund Servicing Fee

Performance Fee

The Manager does not intend to charge a Performance Fee in respect of the Fund.

Custodian Fee and Administration Fee

The Company pays the Custodian and the Administrator, in respect of the Fund, a Custodian Fee and an Administration Fee respectively, such fees being at rate(s) agreed between the Company and the Administrator or the Custodian (as the case may be), from time to time. No maximum amount of such fees has been agreed between the Company, in respect of the Fund, and the Custodian or the Administrator.

The Custodian and Administrator are also reimbursed from the Company for all out-of-pocket expenses incurred in performing their services to the Fund, including but not limited to any costs and expenses associated with sale and purchase transaction of securities, preparation of annual and semi-financial statements, statutory filing in the Cayman Islands, and any additional duties as may be required from time to time and as agreed between the Manager and the Custodian or the Administrator (as the case may be).

ADDITIONAL RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund will utilise investment techniques (such as hedging, leverage and short selling) which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should refer to the relevant risks mentioned in the section headed "Risk Factors" in the Offering Memorandum, and should also consider, among others, the following additional risk factors before subscribing for Shares:

Asset allocation risk

In developing and/or restricted markets such as the offshore RMB-denominated fixed income instruments market, lack of availability or liquidity of securities may not at all times allow for implementation of the Fund's investment approach. This may lead to temporary deviations from the targeted asset allocation, which may have an adverse effect on the performance of the Fund.

Derivatives risk

The Fund may use financial derivative instruments for hedging and efficient portfolio management purposes. Please refer to the risk factor headed "Derivatives" of the Offering Memorandum for further general information relating to certain risks of investment in derivatives.

Liquidity risk

The market for offshore RMB-denominated fixed income instruments issued or distributed outside the PRC is still at a developing stage and difficult to assess. Trading volumes may be lower than those in more developed financial markets. This may lead to comparatively higher fluctuations in the price of such instruments, which may in turn cause the Fund's Net Asset Value to exhibit a higher volatility.

In addition, there is as yet no active secondary market for offshore RMB-denominated fixed income instruments. As a result, the bid and offer spread of the price of such instruments may be large, and the Fund may suffer loss in trading them, in particular, in circumstances where the Manager may have to liquidate such investments at a discount to meet redemption requests.

The liquidity of the offshore RMB market is currently limited, and the ability to convert other currencies into the RMB in the offshore RMB market may be constrained. As a result, the rates of such conversions may fluctuate according to market supply and demand forces, which may adversely affect the value of the Fund's investments.

Limited pool of RMB-denominated investments and capacity of RMB deposits

The Fund's investment approach is to invest primarily in offshore RMB-denominated fixed income instruments issued or distributed outside the PRC, but the quantity of such instruments is currently limited. If the Manager considers there are insufficient offshore RMB-denominated fixed income instruments available in the market, a substantial portion of the Fund's assets may be invested in RMB fixed deposits, which may adversely affect the Fund's return and performance. In such case, the Fund may not be able to achieve its investment objective.

Additionally, while current regulations and policies in Hong Kong enable the Fund to place a significant amount of offshore RMB in deposits with authorised institutions, there is no assurance that the capacity for offshore RMB deposits will not be limited in the future; for example, authorised institutions may refuse to hold current deposits and/or accept further deposits. Furthermore, authorised institutions may in the future decide to offer lower interest rates on offshore RMB deposits due to over-funding, limited availability of investment opportunities for such funds or any other reason. Any such limitations on the capacity of RMB deposits and/or lower interest rates may adversely affect the return of the Fund's investments and the ability of the Fund to pursue its investment approach.

Risks associated with fixed income instruments and deposits

The Fund is exposed to the credit risk of issuers of fixed income instruments and deposits (whether denominated in RMB or otherwise) that the Fund may invest in. The fixed income instruments and deposits that the Fund invests in are typically unsecured debt obligations and are not supported by any collateral. The Fund will be fully exposed to the credit risk of its counterparties as an unsecured creditor.

An increase in interest rates may adversely impact the value of the fixed income instruments held by the Fund, leading to a loss on its investments. The credit rating of the issuers of the fixed income instruments may be downgraded, thus adversely affecting the value and performance of the Fund.

For fixed income instruments issued by issuers that are not rated, they may assume greater risks because of generally lower creditworthiness and liquidity, and greater fluctuation in value and higher chance of default than investment grade debt instruments.

In respect of the Fund's investment in investment grade debt instruments, the credit quality and liquidity of the Fund's investment portfolio may deteriorate when any such investment or the credit rating of its issuer falls below investment grade. The Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Fund.

Where the Fund places a significant amount of cash in fixed deposits, it is exposed to the risk that, in order to meet redemption requests or respond to sudden changes in market circumstances, it may need to terminate a fixed deposit before the expiry of its term, in which case the Fund will need to bear any fees or penalties associated with such early termination. Any such fees or expenses will be borne by the Fund and may adversely affect its Net Asset Value.

Please refer to the risk factor headed "Debt instruments" of the Offering Memorandum for further general information relating to interest rate, credit and downgrade risks.

QFII risk

The Fund may invest in onshore PRC fixed income instruments via the QFII status and quota of other institutions, such as the QFII Holder. Under the prevailing regulations in the PRC, foreign investors may invest in the domestic securities market of the PRC through institutions that have

obtained QFII status in the PRC. The current QFII regulations impose strict restrictions on investments in the domestic PRC securities, including investment guidelines and certain investment restrictions.

There can be no assurance that the Manager will be able to allocate a sufficient portion of the QFII Holder's investment quota to meet all applications for Shares, or that redemption requests can be processed in a timely manner if there are adverse changes in relevant laws or regulations, including changes in QFII repatriation restrictions. Such restrictions may result in a suspension of dealings in Shares (further details can be found under "Suspension of calculation of Net Asset Value and the issue and redemption of Shares" under the section headed "Net Asset Value").

PRC securities invested in for the account of the Company (including PRC debt instruments and A-Shares) will be maintained by a PRC Custodian in securities accounts with China Securities Depository & Clearing Corporation Limited, opened in the name of the QFII Holder. The QFII Holder will appoint a PRC Custodian (the "QFII Custodian") in order to hold uninvested cash held in the PRC and securities which are not eligible for deposit with China Securities Depository & Clearing Corporation Limited. Such cash and securities will be held in accounts opened in the QFII Holder's name with the QFII Custodian, and not in the name of the Fund itself. As such, there can be no absolute assurance that the assets of the Fund are under the same standards of safe custody at all times as they would be if they were registered and held in its own name.

The QFII Holder will select PRC Brokers to execute transactions on the Fund's behalf in the PRC markets. The Fund may incur losses due to the acts or omissions of PRC Brokers or of QFII Custodians in the execution or settlement of transactions or in the transfer of monies or securities.

There can be no assurance that additional QFII quota can be obtained to fully satisfy subscription requests, or that redemption requests can be processed, due to QFII repatriation restrictions. These may result in a need to suspend dealing in the Fund. In extreme circumstances, the Fund may incur significant losses due to limited investment opportunities, or may not be able to fully implement or pursue its stated investment objective or approach, due to QFII investment restrictions, illiquidity of the PRC's debt or A-Share market and/or delays or disruptions in execution or settlement of trades.

Rules and restrictions exist under current QFII regulations, including with respect to investment restrictions, minimum investment holding periods, and repatriation of principal and profits. Transaction sizes for QFIIs are large yet there are lock-up restrictions on repatriation of principal invested by a QFII in the PRC. QFII restrictions on investment apply to the quota granted to a QFII as a whole and not simply to investments made on behalf of the Fund. Consequently, investors should be aware that violations of the QFII regulations on investment arising out of activities related to portions of the investment quota allocated to another client of the QFII could result in the revocation of or other regulatory action in respect of the investment quota of the QFII as a whole, including any portion utilised by the Fund.

QFII repatriation risk

Under the applicable QFII regulations, there are foreign exchange control restrictions imposed on the repatriation of principal or profits by a QFII. The Fund may be restricted from withdrawing funds from its account with the QFII Holder until and unless the QFII Holder as a whole is permitted to repatriate its funds under the QFII regulations. It may, therefore, not be possible for the Fund to repatriate capital, dividends, interest and income from the PRC, or it may require government consent to do so. The Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions.

The Fund may be exposed to potential loss from any restriction or delay in the QFII Holder's ability to convert the currency of denomination of any Class from or into RMB and/or to repatriate funds

from the PRC. In this case, payment of the redemption proceeds may be delayed and paid to Shareholders as soon as practicable.

RQFII risk

The Fund may invest in the PRC's domestic markets through the RQFII status and quota of a RQFII pursuant to the RQFII regulations. There are specific risks associated with the RQFII regime.

RQFII systems risk

The current RQFII regulations include rules on investment restrictions applicable to the Fund. Transaction sizes for RQFIIs are relatively large, with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

PRC Custodian and PRC Brokers risk

The RQFII selects one or more PRC Brokers to act on its behalf and execute transactions for the Fund in the onshore PRC securities markets as well as a PRC Custodian (the "RQFII Custodian") to maintain its assets in custody in the PRC.

Onshore PRC assets acquired by the Fund through the RQFII quota of a RQFII will be maintained by the RQFII Custodian in electronic form via securities account(s) with the China Securities Depository & Clearing Corporation Limited, China Central Depository & Clearing Corporation Limited, Shanghai Clearing House and/or such other relevant depositories and cash account(s) with the RQFII Custodian.

In the event of any default, omission or insolvency of the PRC Brokers, the RQFII Custodian or the relevant depository in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Fund may incur losses and may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the Fund.

According to the RQFII regulations and market practice, the securities and cash accounts for the Fund in the PRC are to be maintained in the joint names of the RQFII and the Fund. Whether the assets in such securities accounts belong to the Fund is subject to the interpretation of the RQFII regulations by the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the Fund with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the Fund will not have any proprietary rights to the cash deposited in such cash account, and the Fund will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the RQFII Custodian. The Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will suffer losses.

RQFII repatriation risk

Repatriations by RQFIs conducted in RMB for the Fund are not subject to any restrictions, lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Fund's ability to meet redemption requests.

RQFI quota risk

The RQFI quota of a RQFI is limited and may be reached. Furthermore, the RQFI has the flexibility to allocate its RQFI quota granted by SAFE across different public fund products under its management from time to time or, subject to SAFE's approval, to products and/or accounts that are not public fund products but under the RQFI's management. As such, the Fund will not have exclusive use of a specified amount of RQFI investment quota granted by SAFE to the RQFI and will rely on the RQFI's allocation of such quota. There can be no assurance that the RQFI can or will obtain or allocate sufficient RQFI quota to the Fund to meet all application for subscriptions. If no sufficient RQFI quota is allocated to the Fund, it may be necessary for the Manager to suspend further subscriptions of Shares.

RQFI status risk

There can be no assurance that the RQFI status of the relevant RQFI will not be suspended or revoked. Such event may adversely affect the Fund's performance as it may not be possible to implement the investment strategy of the Fund at all.

RMB currency risk

RMB is not freely convertible and subject to exchange controls and restrictions risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the People's Bank of China (the "PBOC"), which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%.

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Investment Manager cannot predict

whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Future movements in RMB exchange rates risk

The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, pound sterling and HKD at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against any other foreign currency in the future. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB market risk

The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated which will have the effect of restricting availability of RMB offshore. To the extent the Investment Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

Hedging risk

The Fund uses hedging techniques, including the use of derivatives, to attempt to offset interest rate risks and credit spread risks. However, the cost of entering such hedging transactions, which is borne by the Fund, depends on prevailing market conditions and may be expensive. Furthermore, there is no guarantee that such hedging transactions will achieve the desired result and they can also limit potential gains.

No distributions risk

It is currently intended that distributions will be made in respect of the Distribution Shares on a monthly basis in the reference currency of the relevant Class. However, investors should note that the Directors have discretion as to whether or not to make any distributions, the frequency of

distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

PRC risks

The Fund may invest in the PRC securities markets to gain exposure to RMB. Investing in the PRC market is subject to the risks of investing in emerging markets generally as well as the risks specific to the PRC market.

Economic, political and social risks

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of the Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the fixed income instruments in the Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed

financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC taxation risk

By investing in securities (including A-Shares and debt instruments) issued by PRC tax resident enterprises, irrespective of whether such securities are issued or distributed onshore ("onshore PRC securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), the Fund may be subject to PRC taxes.

The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

Please refer to the section headed "PRC tax considerations" below for further information on the risks associated with PRC taxation.

TAXATION

The following is based on the Company's understanding of certain aspects of the law and practice currently in force. There can be no guarantee that the tax position or proposed tax position at the date of this document or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

PRC tax considerations

By investing in PRC Securities, the Fund may be subject to taxes imposed by the PRC.

Corporate Income Tax

If the Fund is considered as a PRC tax resident enterprise, it will be subject to PRC Corporate Income Tax ("CIT") at 25% on its worldwide taxable income; if the Fund is considered as a non-PRC tax resident enterprise but has a permanent establishment ("PE") in the PRC, the profits and gains attributable to that PE would be subject to PRC CIT at 25%.

It is the intention of the Investment Manager to operate the affairs of the Fund such that they should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with an establishment or place of business in the PRC for PRC CIT purposes, although this cannot be guaranteed. If the Fund is a non-PRC tax resident enterprise without PE in the PRC, the PRC sourced income derived by it from the investment in PRC Securities would be subject to 10% PRC withholding income tax ("WIT") in the PRC, unless exempt or reduced under the laws and regulations or any relevant tax treaty.

(i) Dividends and interest

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or any relevant tax treaties, non-tax resident enterprises without PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. Accordingly, the Fund may be subject to WIT on any cash

dividends, distributions and interest it receives from its investment in PRC Securities. Under the PRC CIT Law, interests derived from PRC government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from PRC income tax under CIT law.

Under current regulations in the PRC, foreign investors (such as the Fund) may invest in onshore PRC securities through a QFII or a RQFII. Since only the QFII's or the RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the QFII or the RQFII, subject to further interpretations and rules that may be issued in the future. Where tax is payable by the QFII or RQFII, the QFII Or RQFII will pass on this liability to the Fund. As such, the Fund is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a QFII or a RQFII is subject to a WIT of 10% on cash dividends, distributions and interest from the PRC Securities unless exempt or reduced under current PRC tax laws and regulations or any relevant tax treaties.

(ii) Capital gains

Under current PRC tax law, there are no specific rules or regulations governing the taxation of the disposal of debt securities issued by PRC tax resident enterprises. The tax treatment for investment in debt securities issued by PRC tax residents is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, the Fund would be potentially subject to 10% PRC WIT on the PRC-sourced capital gains, unless exempt or reduced under the laws and regulations or any relevant tax treaty.

There is no specific written tax regulations issued by the PRC tax authorities to confirm that gains on disposal of debt securities is non-PRC sourced and hence not subject to PRC WIT. However, in practice, the PRC tax authorities have not actively enforced the collection of PRC WIT in respect of gains derived by non-PRC tax resident enterprises from the trading of debt securities. In addition, the PRC tax authorities have verbally indicated that capital gains derived from trading of PRC debt securities are not subject to PRC WIT.

In order to meet the potential tax liability on capital gains arising from disposal of PRC Securities, the Investment Manager reserves the right to provide for withholding income tax on such gains and withhold the tax for the account of the Fund. Currently, after careful consideration of independent professional tax advice, the Investment Manager does not make any WIT provision for gross realised or unrealised capital gains derived from the trading of PRC debt securities.

There is a possibility of the rules being changed and taxes being applied retrospectively. There is a risk that taxes may be levied in the future on the Fund for which no provision is made, which may potentially cause substantial loss to the Fund. The Investment Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding income tax provisioning approach of the Fund if necessary.

Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares. If no provision is made by the Investment Manager in relation to all or part of the actual tax levied by the SAT in the future, investors should note that the Net Asset Value of the Fund may be lowered, as the Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional amount of tax liabilities will only impact Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Shareholders will bear, through the Fund, a disproportionately higher amount of tax liabilities as compared to that borne before the actual tax liabilities are levied.

Shareholders should seek their own tax advice on their tax position with regard to their investments in the Fund.

Value-added Tax

According to Circular Caishui [2016] No. 36 (“Circular 36”) jointly issued by the MOF and the SAT regarding the final stage of PRC Value-added Tax (“VAT”) reform which has come into effect on 1 May 2016, gains derived from the transfer of PRC Securities are subject to VAT starting from 1 May 2016.

Circular 36 states that VAT is exempted on gains derived by Hong Kong and overseas investors from the transfer of PRC A-Shares through Stock Connect. Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of the VAT payable.

Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC’s Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of PRC A-Shares and PRC B-Shares traded on the PRC stock exchanges, at the rate of 0.1%. In the case of contracts for sale of PRC A-Shares and PRC B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser.

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future, and any such change may result in higher taxation on PRC investments than currently contemplated and may have an adverse effect on the asset value of the Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the Fund invests in, thereby reducing the income from, and/or value of the Shares.

STRICTLY PRIVATE AND CONFIDENTIAL

APPENDIX 3 TO OFFERING MEMORANDUM

This Appendix forms part of and is, unless otherwise stated, qualified in its entirety by the contents of the Offering Memorandum dated June 2016 (the “Offering Memorandum”) in respect of UBS (CAY) Investment Fund SPC (the “Company” or “UBS (CAY) Investment Fund”). This Appendix should only be read in conjunction with the Offering Memorandum.

This Appendix relates only to Shares of the UBS Euro High Yield Plus Fund Segregated Portfolio (the “Fund” or “UBS Euro High Yield Plus Fund”).

UBS (CAY) Investment Fund SPC

(an open-ended segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Euro High Yield Plus Fund Segregated Portfolio

(a sub-fund and segregated portfolio of the Company)

June 2016

UBS EURO HIGH YIELD PLUS FUND

The following information relates to the UBS Euro High Yield Plus Fund, a segregated portfolio of UBS (CAY) Investment Fund. Accordingly references in this Appendix to “Fund” and “Shares” relate to UBS Euro High Yield Plus Fund and Shares attributed to it respectively.

DEFINITIONS

“Accumulation Shares”	the Class A Shares.
“Business Day”	in respect of the Fund, any day (other than Saturday and Sunday) on which banks and securities exchanges are open for normal business in Hong Kong, Luxembourg and the United Kingdom and/or such date or dates as the Directors may from time to time determine provided that where, as a result of a number 8 typhoon signal, black rainstorm warning or similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors otherwise determine.
“Class A Shares”	the Class A (AUD hedged) Shares, the Class A (CHF hedged) Shares, the Class A (EUR) Shares, the Class A (HKD hedged) Shares, the Class A (JPY hedged) Shares, the Class A (RMB hedged) Shares, the Class A (SGD hedged) Shares and/or the Class A (USD hedged) Shares, as the context requires.
“Class A (AUD hedged) Share”	an ordinary participating share in the Company whose reference currency is Australian dollars and which is designated as a Class A (AUD hedged) Share.
“Class A (CHF hedged) Share”	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A (CHF hedged) Share.
“Class A (EUR) Share”	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A (EUR) Share.
“Class A (HKD hedged) Share”	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class A (HKD hedged) Share.
“Class A (JPY hedged) Share”	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A (JPY hedged) Share.
“Class A (RMB hedged) Share”	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class A (RMB hedged) Share.
“Class A (SGD hedged) Share”	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A (SGD hedged) Share.
“Class A (USD hedged) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A (USD hedged) Share.

Share”	hedged) Share.
“Class A-mdist Shares”	the Class A-mdist (AUD hedged) Shares, the Class A-mdist (CHF hedged) Shares, the Class A-mdist (EUR) Shares, the Class A-mdist (HKD hedged) Shares, the Class A-mdist (JPY hedged) Shares, the Class A-mdist (RMB hedged) Shares, the Class A-mdist (SGD hedged) Shares and/or the Class A-mdist (USD hedged) Shares, as the context requires.
“Class A-mdist (AUD hedged) Share”	an ordinary participating share in the Company whose reference currency is AUD and which is designated as a Class A-mdist (AUD hedged) Share.
“Class A-mdist (CHF hedged) Share”	an ordinary participating share in the Company whose reference currency is Swiss francs and which is designated as a Class A-mdist (CHF hedged) Share.
“Class A-mdist (EUR) Share”	an ordinary participating share in the Company whose reference currency is Euros and which is designated as a Class A-mdist (EUR) Share.
“Class A-mdist (HKD hedged) Share”	an ordinary participating share in the Company whose reference currency is Hong Kong dollars and which is designated as a Class A-mdist (HKD hedged) Share.
“Class A-mdist (JPY hedged) Share”	an ordinary participating share in the Company whose reference currency is Japanese yen and which is designated as a Class A-mdist (JPY hedged) Share.
“Class A-mdist (RMB hedged) Share”	an ordinary participating share in the Company whose reference currency is Renminbi and which is designated as a Class A-mdist (RMB hedged) Share.
“Class A-mdist (SGD hedged) Share”	an ordinary participating share in the Company whose reference currency is Singapore dollars and which is designated as a Class A-mdist (SGD hedged) Share.
“Class A-mdist (USD hedged) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A-mdist (USD hedged) Share.
“Class Q Shares”	the Class Q (EUR) Shares, the Class Q-mdist (EUR) Shares, the Class Q-mdist (HKD hedged) Shares and the Class Q-mdist (USD hedged) Shares.
“Class Q (EUR) Share”	an ordinary participating share in the Company whose reference currency is EUR and which is designated as a Class Q (EUR) Share.
“Class Q-mdist (EUR) Share”	an ordinary participating share in the Company whose reference currency is EUR and which is designated as a Class Q-mdist (EUR) Share.
“Class Q-mdist (HKD hedged) Share”	an ordinary participating share in the Company whose reference currency is HKD and which is designated as a Class Q-mdist (HKD

	hedged) Share.
“Class Q-mdist (USD hedged) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class Q-mdist (USD hedged) Share.
“Dealing Day”	each Business Day or such other day or days as the Directors may from time to time determine.
“Distribution Shares”	the Class A-mdist Shares.
“Fund” or “UBS Euro High Yield Plus Fund”	UBS Euro High Yield Plus Fund Segregated Portfolio.
“Hedged Classes”	the Class A (AUD hedged) Shares, the Class A (CHF hedged) Shares, the Class A (HKD hedged) Shares, the Class A (JPY hedged) Shares, the Class A (RMB hedged) Shares, the Class A (SGD hedged) Shares, the Class A (USD hedged) Shares, the Class A-mdist (AUD hedged) Shares, the Class A-mdist (CHF hedged) Shares, the Class A-mdist (HKD hedged) Shares, the Class A-mdist (JPY hedged) Shares, the Class A-mdist (RMB hedged) Shares, the Class A-mdist (SGD hedged) Shares and/or the Class A-mdist (USD hedged) Shares, as the context requires (each, a <u>“Hedged Class”</u>).
“Hedged Class Account”	the Class Account of a Hedged Class.
“Initial Issue Price”	the initial offer price per Share of Shares of each Class of the Fund, as set out in the section headed “Subscriptions” below.
“Initial Offer Period”	in respect of any Class, the period commencing at 9.00 am (Hong Kong time) on the relevant Offer Start Date and ending at such time and on such date as determined by the Manager (or any other period as the Manager may determine in its discretion).
“Investment Manager”	UBS Asset Management (UK) Ltd.
“Offer Start Date”	in respect of any Class, the date specified in the section headed “Subscriptions” below.
“Shares”	the Class A Shares; the Class A-mdist Shares; and/or the Class Q Shares, as the context requires, each of which has a par value of EUR0.01 per Share and each of which will be attributable to a separate Class Account attributable to the Fund.

BASE CURRENCY

The base currency of the Fund will be the Euro.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The investment objective of the Fund will be to seek to provide income and the potential for capital appreciation by investing in a diversified portfolio providing exposure to high yield bonds primarily denominated in EUR combined with a systematic covered call overwriting strategy. The covered call strategy seeks to enhance the distributable income by systematically exchanging some potential upside exposure to EUR high yield credit market returns in return for fixed payments.

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

Investment approach

The Fund will be actively managed and will seek to achieve its investment objective by normally investing in portfolios or indices providing exposure to high yield bonds, primarily denominated in EUR. The exposure is expected to comprise allocation to one or more EUR high yield bond funds (including ETFs) and an allocation to synthetic high yield bonds denominated in EUR, for example, by investments in EUR-denominated government bonds, combined with a long position in synthetic high yield credit indices.

In addition the Investment Manager will implement a systematic programme to sell European-style call options on EUR high yield credit markets. The call options are expected to have the effect of exchanging potential upside from credit market movements for regular premium payments. As a result the performance of the Fund is expected to be constrained in periods where credit markets exhibit strong performance.

Subject to the investment restrictions and prohibitions set out in this Appendix, the Fund will have flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), which may take the form of bonds, bond funds, bond ETFs, debentures, bills and notes, currencies, options, swaptions, warrants and other derivative instruments and may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate in accordance with the investment objective.

The Fund may also invest in futures (including index futures), swaps and other standardised and non-standardised (customised) financial derivative instruments for investment, hedging and efficient portfolio management purposes. It may conduct such transactions on a stock exchange or futures exchange or other regulated market open to the public, or directly with a bank or financial institution specialising in these types of business as counterparty (OTC trading).

Investment and borrowing restrictions

In respect of the Fund, the Company shall not write uncovered options. This means that the total net notional of all short call options will not exceed the total long exposure of the Fund to high yield credit at the time of the option sale, as determined by the Investment Manager.

In certain market conditions it may not be possible for the Investment Manager to meet the investment restriction above. Furthermore, certain exceptional situations may result in a breach of this investment restriction for a limited period of time. Such exceptional situations include, but are not limited to, the period during which the portfolio is constructed upon closing of the Initial Offer Period, large subscriptions or redemptions, highly illiquid markets or immediately prior to, or after distributions, as well as any other situation regarded as exceptional by the Investment Manager.

The Company in respect of the Fund will not utilise leverage through borrowing cash for the purposes of making investments. However, the Company, in respect of the Fund, will be authorised

to borrow up to 10% of its latest available Net Asset Value and may borrow cash or utilise other credit facilities for the purposes of foreign exchange hedging or the payment of the Fund's ongoing operational costs and payment of redemption proceeds. Cash may be borrowed from banks and other financial institutions. The Fund Assets attributable to the Fund may be charged or pledged as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager and/or the Investment Manager, as applicable, shall as a priority take all steps necessary within a reasonable period of time to remedy the situation, having regard to the interests of the Shareholders.

Hedging of foreign currency exposure for currency Hedged Class Accounts

The Investment Manager will seek to hedge the exposure of each currency Hedged Class Account to the Fund's pricing currency through the use of spot and forward foreign exchange contracts (including non-deliverable forwards) or other methods of reducing exposure to currency fluctuations, with the aim of minimising the impact of such fluctuations on the Net Asset Value of the relevant Hedged Class Account.

Although there can be no guarantee that it will be possible to fully hedge the total Net Asset Value of a relevant Hedged Class Account in its reference currency, it should be noted that various factors, including but not limited to changes in the value of the hedged portion of assets attributable to the Hedged Share Class and the volume of subscriptions and redemptions, may have an impact on the level of currency hedging held in the Hedged Class Account.

MANAGEMENT

The Investment Manager

The Investment Manager, UBS Asset Management (UK) Ltd., has been appointed by the Manager to manage and invest the assets of the Fund and has agreed to do so in pursuit of the investment objective and subject to the investment restrictions described in this Appendix.

The Investment Manager was organised as a corporation in the United Kingdom on 19 February 1981 and is authorised and regulated by the Financial Conduct Authority. The Investment Manager is part of the Asset Management Business Division of the UBS Group AG.

The Investment Manager's shareholders, related entities and connected persons may subscribe, directly or indirectly, for Shares.

SUBSCRIPTIONS

Availability only to certain investors

Class A Shares and Class A-mdist Shares are available to all investors.

Class Q Shares are available only: (i) for distribution pursuant to UBS AG advisory and/or discretionary agreements in Switzerland ; or (ii) to investors domiciled in other countries, if they are investment professionals and a written agreement exists with UBS AG; and who make the following investments in their own name and: (a) on their own behalf; (b) on behalf of their clients within a (discretionary) asset management agreement; or (c) on behalf of their clients within the framework of an advisory relationship established in writing, in return for payment; or (d) on behalf of a collective investment managed by a professional of the financial sector.

Admission of investors in further distribution countries shall be decided by the Directors at their sole discretion and disclosed on www.ubs.com/funds.

Initial offer

Shares may be subscribed for during the relevant Initial Offer Period at the following Initial Issue Prices:

Class	Initial Issue Price (exclusive of any initial fee)	Offer Start Date
Class A (AUD hedged) Shares	AUD100	Not applicable
Class A (CHF hedged) Shares	CHF100	Not applicable
Class A (EUR) Shares	EUR100	Not applicable
Class A (HKD hedged) Shares	HKD100	Not applicable
Class A (JPY hedged) Shares	JPY100,000	Not applicable
Class A (RMB hedged) Shares	RMB100	Not applicable
Class A (SGD hedged) Shares	SGD100	Not applicable
Class A (USD hedged) Shares	USD100	Not applicable
Class A-mdist (AUD hedged) Shares	AUD100	Not applicable
Class A-mdist (CHF hedged) Shares	CHF100	Not applicable
Class A-mdist (EUR) Shares	EUR100	Not applicable

Class A-mdist (HKD hedged) Shares	HKD1,000	Not applicable
Class A-mdist (JPY hedged) Shares	JPY100,000	Not applicable
Class A-mdist (RMB hedged) Shares	RMB100	Not applicable
Class A-mdist (SGD hedged) Shares	SGD100	Not applicable
Class A-mdist (USD hedged) Shares	USD100	Not applicable
Class Q (EUR) Shares	EUR100	Not applicable
Class Q-mdist (EUR) Shares	EUR100	Not applicable
Class Q-mdist (HKD hedged) Shares	HKD1,000	Not applicable
Class Q-mdist (USD hedged) Shares	USD100	Not applicable

Applicants for Shares during an Initial Offer Period must complete a subscription application and send it to the Administrator's Delegate so as to be received by no later than 6.00 pm (Hong Kong time) on the last Business Day of the Initial Offer Period. Cash subscription monies must be sent by wire transfer, net of bank charges, so that cleared funds are received in the Company's account by no later than 6.00 pm (Hong Kong time) one Business Day after the last Business Day of the relevant Initial Offer Period. Subject to this, Shares are deemed to be issued on the Business Day immediately following the close of the Initial Offer Period.

The Manager may determine that Shares of any Class will not be issued if subscriptions for Shares of such Class totalling at least EUR10 million have not been received during the relevant Initial Offer Period or if subscriptions for Shares of any Class totalling at least EUR50 million have not been received by the end of the relevant Initial Offer Period. In such circumstances, subscription proceeds will be returned to applicants (without interest) by telegraphic transfer (at the risk of, and cost to, each such applicant) as soon as possible following the end of the Initial Offer Period.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period, Shares may be purchased on any relevant Dealing Day.

A completed subscription application must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on the relevant Dealing Day. The Subscription Price will be equal to the Net Asset Value per Share as at the Dealing Day on which the application is effective (and is exclusive of any initial fee).

Subscription moneys must be paid by the applicant in cleared funds in full, in the reference currency of the Class of Shares being subscribed, by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the Fund, and the Manager may require the applicant to pay to the Company, for the account of the Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription moneys in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time.

Rejection of applications

The Company may reject any application in whole or part and without giving any reason for doing so. In the event of an application being rejected, the amount paid on application or the balance thereof, as the case may be, will be returned (without interest) as soon as practicable in Euros or the currency of subscription, as applicable, at the risk and cost of the applicant.

Smallest tradable unit

Fractions of Shares will be issued, and accordingly subscriptions, redemptions and exchanges will be subject to the following smallest tradable units:

Class	Smallest tradable unit
Class A (AUD hedged) Shares	0.001 Share
Class A (CHF hedged) Shares	0.001 Share
Class A (EUR) Shares	0.001 Share
Class A (HKD hedged) Shares	0.001 Share
Class A (JPY hedged) Shares	0.001 Share
Class A (RMB hedged) Shares	0.001 Share
Class A (SGD hedged) Shares	0.001 Share
Class A (USD hedged) Shares	0.001 Share
Class A-mdist (AUD hedged) Shares	0.001 Share
Class A-mdist (CHF hedged) Shares	0.001 Share
Class A-mdist (EUR) Shares	0.001 Share
Class A-mdist (HKD hedged) Shares	0.001 Share
Class A-mdist (JPY hedged) Shares	0.001 Share
Class A-mdist (RMB hedged) Shares	0.001 Share
Class A-mdist (SGD hedged) Shares	0.001 Share
Class A-mdist (USD hedged) Shares	0.001 Share
Class Q (EUR) Shares	0.001 Share
Class Q-mdist (EUR) Shares	0.001 Share
Class Q-mdist (HKD hedged) Shares	0.001 Share
Class Q-mdist (USD hedged) Shares	0.001 Share

Initial Fee

The Company and/or the Manager may appoint one or more distributors to solicit subscriptions for Shares. Such distributors may charge applicants an initial fee of up to 5% of the amount subscribed for the Shares (exclusive of the amount subscribed for the Shares). The relevant distributor may waive the payment of all or part of the initial fee.

Minimum investment

In respect of the Fund, the minimum initial investment per applicant irrespective of which Class or Classes being subscribed will be USD100,000 or its equivalent in the reference currency or currencies of the Shares being subscribed, or such other minimum investment as may be required by Cayman Islands law.

In respect of each Class, the minimum initial investment per applicant, will be as follows:

Class	Minimum initial investment
Class A Shares and Class A-mdist Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)
Class Q Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)

The Directors may, generally or in any particular case, determine that the minimum initial investment per applicant of a lesser amount applies, provided that such lesser amount is consistent with the Fund being registered under section 4(3) of the Mutual Funds Law.

Distributors may impose different minimum investment amounts, which in some cases may be less than the minimum amounts set out above. Investors should check with the distributors for details.

REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on any Dealing Day. A completed redemption request must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on any Dealing Day.

The Redemption Price will be equal to the Net Asset Value per Share as at the relevant Dealing Day.

Minimum redemption and minimum holding

Subject to the smallest tradable unit of each Class, the Fund does not impose any minimum redemption requirement nor any minimum holding (although Shares may be compulsorily redeemed where the Net Asset Value of the Fund falls below the level described below under the section headed "Compulsory redemption").

Redemption fee

No redemption fee will be charged in respect of the Fund.

Settlement

Payment of redemption proceeds will normally be made in the reference currency of the Class of Shares being redeemed within 4 Business Days of the later of: (1) the relevant Dealing Day; and (2) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in which a substantial portion of the Fund's direct or indirect investments will be made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable. In such instances, settlement period may take longer than a month.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

Redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not

materially to prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing in aggregate more than 10% (or such higher percentage as the Directors determine) of the total number of Shares attributable to the Fund then in issue, the Directors will be entitled to reduce the requests rateably and pro rata amongst all Shareholders who have submitted redemption requests on the relevant Dealing Day. Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares attributable to the Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the original redemption requests are fully carried out. The Directors will be entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

Compulsory redemption

The Directors may resolve to redeem compulsorily all outstanding Shares in respect of the Fund if the Net Asset Value of the Fund falls below EUR 50 million (or its equivalent in another currency) or such other amounts as the Directors may from time to time determine. In addition, the Directors may resolve to redeem compulsorily all outstanding Shares of a Class if the Net Asset Value of the relevant Class Account is at any time below EUR 10 million (or its equivalent in another currency) or such other amount as the Directors may from time to time determine.

EXCHANGES

The exchange of Shares of one Class for Shares of another Class in the Fund or shares attributable to another segregated portfolio of the Company will be permitted. An exchange fee of up to 1% of the value of Shares being exchanged may be payable to the Manager or an authorised distributor in respect of the Fund.

Any such exchange will be made on an Exchange Dealing Day, subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged and a completed exchange request must be received by the Administrator's Delegate by 6 pm (HK time) prior to the Exchange Dealing Day, unless decided otherwise by the Manager at its discretion.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the rate of exchange available to the Administrator or the Administrator's Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

SUSPENSION

Directors may, from time to time, in their absolute discretion and for any reason, declare a suspension of (a) the calculation of the Net Asset Value of any Class; (b) the issue of Shares of any Class; (c) the right to require redemption of Shares of any Class; and/or (d) the payment of redemption proceeds (even where neither the calculation of Net Asset Value nor the right to redeem has been suspended) (each a "Suspension"). Notwithstanding the generality of the foregoing, the

Directors reserve the right to declare a Suspension in respect of the Fund in the circumstances described under “Suspension of calculation of Net Asset Value and the issue and redemption of Shares” in the section headed “Net Asset Value” of the Offering Memorandum, which include, but are not limited to, the whole or any part of a period :

- (i) during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Fund is quoted, listed, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended; or
- (ii) where an underlying collective investment scheme in which the Fund holds a material holding does not publish the requisite net asset value for the relevant Valuation Day and/or is not open for subscriptions or redemptions and/or subscriptions, redemptions or payment of redemption proceeds in respect of shares or interests in such underlying scheme are restricted or suspended and/or the calculation of valuations by such underlying fund are suspended.

DISTRIBUTION POLICY

General

The Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Distribution Shares

The Directors intend to make monthly distributions in relation to the Distributing Shares which may not be limited to the realised capital gains and net income of the Fund and which may reduce the Net Asset Value of the relevant Class. For the avoidance of doubt, such payments shall include gross-of-fee distributions.

Distributions will be paid in the reference currency of the relevant Class in compliance with applicable laws. The Fund's distribution policy may be amended by the Directors.

Accumulation Shares

With respect to the Accumulation Shares, the Directors currently do not intend to make any distributions.

REPORTS AND FINANCIAL STATEMENTS

The financial year for the Company will end on 31 December in each year.

An annual report with audited financial statements of the Company will be prepared in accordance with IFRS for each financial year. The first financial statements for the Fund covered the period from the date of its inception to 31 December 2013.

FEES AND EXPENSES

Management Fee and Fund Servicing Fee

The Manager will be entitled to receive from the Company in respect of the Fund a Management Fee in respect of each Class of Class A Shares and Class A-mdist Shares. The Manager may from time to time at its sole discretion and out of its own resources rebate to some or all Shareholders or

their agents or to intermediaries, part or all of its management fees. Any such rebates may be applied in paying up additional Participating Shares to be issued to some or all Shareholders.

The Manager is also entitled to receive from the Fund a Fund Servicing Fee in respect of each Class.

The Management Fee and the Fund Servicing Fee in respect of each Class of Class A Shares and Class A-mdist Shares, calculated as at each Valuation Point and payable monthly in arrears, are as follows:

Class	Management Fee* (% per annum of the Net Asset Value of the Class Account)	Fund Servicing Fee* (% per annum of the Net Asset Value of the Class Account)
Class A Shares and Class A-mdist Shares	up to 1.20%	up to 0.20%
Class Q Shares	up to 0.60%	up to 0.20%

* before deduction of any accrued Management Fee and any Fund Servicing Fee

Performance Fee

The Manager does not intend to charge a Performance Fee in respect of the Fund.

Investment Manager

The Manager will be responsible for remunerating the Investment Manager.

Custodian Fee and Administration Fee

The Company will pay the Custodian and the Administrator, in respect of the Fund, a Custodian Fee and an Administration Fee respectively, such fees being at rate(s) agreed between the Company and the Administrator or the Custodian (as the case may be), from time to time. No maximum amount of such fees has been agreed between the Company, in respect of the Fund, and the Custodian or the Administrator.

The Custodian and Administrator are also reimbursed from the Company for all out-of-pocket expenses incurred in performing their services to the Fund, including but not limited to any costs and expenses associated with sale and purchase transaction of securities, preparation of annual and semi-financial statements, statutory filing in the Cayman Islands, and any additional duties as may be required from time to time and as agreed between the Manager and the Custodian or the Administrator (as the case may be).

Other fees and expenses

The total costs and expenses of establishing the Fund will be payable out of the proceeds of the initial issue of Shares. Such costs and expenses will be amortised within the first three financial years of the Fund unless the Directors decide that some other method shall be applied. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

ADDITIONAL RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund will utilise investment techniques which may carry additional risks. An investment in Shares therefore carries substantial

risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should refer to the relevant risks mentioned in the section headed "Risk Factors" in the Offering Memorandum, and should also consider, among others, the following additional risk factors before subscribing for Shares.

Risk associated with counterparties

Please also refer to the risk factor headed "Counterpart risk" of the Offering Memorandum for further general information relating to the risks associated with counterparties.

Risks relating to high yield bonds

There is a risk that the issuer of bonds with ratings of BB (S&P) or Ba (Moody's) or below, or deemed of equivalent quality, will default or otherwise be unable to honour a financial obligation. These securities are considered to be predominately speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Lower-quality bonds are more likely to be subject to an issuer's default or downgrade than investment grade (higher-quality) bonds.

Risks associated with credit and credit spreads

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to or guarantor of a derivative contract, is unable or unwilling to meet its financial obligations. This risk is likely to be greater for lower quality investments than for investments that are higher quality.

The Fund will make investments that expose them to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share of each Class.

Risks associated with covered call options

The Fund may acquire or sell call options referencing Euro high yield credit or bond markets.

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option assumes the risk of a rise in the market price of the underlying index or security above the exercise price of the underlying index or security in exchange for a premium payment. Where the seller of a call option holds a long position in the underlying index or security, or similar exposures, the strategy is called 'covered' and any losses on the call options are expected to be approximately offset by gains on the long investment. The buyer of a call option assumes the risk of losing its entire investment in the call option.

By selling call options referencing the Euro high yield credit markets, the Fund will sacrifice the opportunity to benefit from a potential increase of Euro high yield credit markets above the strike price of the sold call options in exchange for receipt of a known premium. The Fund will continue to bear the risk of a decline in the value of Euro high yield markets. Furthermore, the composition of the Fund's long Euro high yield portfolio is not expected to closely match the composition of the indices or instruments used as underlying for the call options. The Fund may therefore experience losses on the call options which are not offset by gains in the high yield portfolio.

In the event the reference index of the option is above the strike price of a sold call option on its expiry then the Fund will need to make a payment to the option counterparty. This payment may exceed the premium received from selling the call options. The payment may be met from liquid assets or the Fund's assets may be liquidated to meet payments falling due.

In the event that options are physically settled, the Fund may acquire the assets underlying an index and may incur costs and experience delays in the disposal of such assets.

Risks associated with concentration

In the event that one or only a few financial instruments make up a significant part of the total portfolio of the Fund or that financial instruments representing a certain market sector and/or a certain geographical region make up a significant part of the total portfolio, the Fund could suffer more substantial losses than would have been the case had the portfolio been more diversified (i.e. spread over different assets, market sectors and/or geographical regions).

Please also refer to the risk factor headed “Concentration of Investments” of the Offering Memorandum for further general information relating to concentration risk.

Risks associated with the Eurozone

The global financial system has yet to overcome the difficulties which first manifested themselves in August 2007 and were intensified by the bankruptcy filing of Lehman Brothers in September 2008. More recently, concerns have emerged about sovereign credit risk, in particular in relation to the large sovereign debt of many countries, and uncertainty as to whether governments will be able to continue to finance those debts. In particular, the widely reported difficulties in respect of some Eurozone economies such as Greece and Portugal have led to concerns in relation to the sovereign credit risk of other Eurozone economies, as well as to the survival of the euro itself, and it is possible that the structure, nature and regulation of financial markets, including sovereign credit markets, may be fundamentally altered. There can be no assurance that the steps taken by governments to ameliorate the Eurozone crisis or the global financial crisis more broadly will be successful or that sovereign credit risk will not worsen. Prospective investors should ensure that they have sufficient knowledge and awareness of the Eurozone crisis, global financial crisis and the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Fund. In particular, prospective investors should take into account the considerable uncertainty as to how the Eurozone crisis, the global financial crisis and the wider economic situation will develop over time, and what impact that may have on the creditworthiness of those sovereigns and other entities which may be issuers of collateral securities.

Risks associated with illiquidity

The Fund’s assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly-traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult or impossible. At times, it may be difficult to obtain price quotes at all. Furthermore, the sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to value any such investments accurately. Accordingly, the Fund’s ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainty.

Please refer to the risk factor headed “Liquidity and market characteristics” of the Offering Memorandum for further general information relating to the risk of illiquidity.

Risk associated with derivatives

The Fund may invest in futures (including index futures), swaps and other standardised and non-standardised (customised) financial derivative instruments for investment, hedging and efficient portfolio management purposes. Please refer to the risk factor headed “Derivatives” of the Offering Memorandum for further general information relating to certain risks of investment in derivatives.

Risks associated with over-the-counter derivatives

The Fund may use over-the-counter derivatives which create additional risks for the Fund. Please refer to the risk factor headed “OTC market risk and regulation of OTC transactions” of the Offering Memorandum for further general information relating to certain risks of investment in over-the-counter derivatives.

Risks associated with debt securities and deposits

The Fund will be exposed to the credit risk of issuers of debt securities that the Fund may invest in and the institutions with which the Fund may place cash in fixed deposits. Such debt securities may be unsecured debt obligations and may not be supported by any collateral. In respect of such debt securities the Fund will be fully exposed to the credit risk of their counterparties as unsecured creditors.

An increase in interest rates may adversely impact the value of debt securities held by the Fund, leading to a loss on their investments. The credit rating of the issuers of the fixed income instruments may be downgraded, thus adversely affecting the value and performance of the Fund.

For debt securities issued by issuers that are not rated, they may assume greater risks because of generally lower creditworthiness and liquidity, and greater fluctuation in value and higher chance of default than investment grade debt instruments.

In respect of the Fund's investments in investment grade debt securities, the credit quality and liquidity of the Fund's investment portfolio may deteriorate when any such investment or the credit rating of its issuer falls below investment grade. The Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Fund.

In the event that the Fund places a significant amount of cash in fixed deposits, it will be exposed to the risk that, in order to meet redemption requests or respond to sudden changes in market circumstances, it may need to terminate a fixed deposit before the expiry of its term, in which case the Fund will need to bear any fees or penalties associated with such early termination. Any such fees or expenses will be borne by the Fund and may adversely affect its Net Asset Value.

Please refer to the risk factor headed “Debt instruments” of the Offering Memorandum for further general information relating to interest rate, credit and downgrade risks.

Risks of hedging of foreign currency exposure for currency Hedged Class Accounts

The Investment Manager will seek to hedge the exposure of each currency Hedged Class Account to the Fund's pricing currency through the use of spot and forward foreign exchange contracts (including non-deliverable forwards) or other methods of reducing exposure to currency fluctuations, with the aim of minimising the impact of such fluctuations on the Net Asset Value of the relevant Hedged Class Account.

Although there can be no guarantee that it will be possible to fully hedge the total Net Asset Value of a relevant Hedged Class Account in its reference currency, it should be noted that various factors, including but not limited to changes in the value of the hedged portion of assets attributable to the Hedged Share Class and the volume of subscriptions and redemptions, may have an impact on the level of currency hedging held in the Hedged Class Account.

Risks relating to interest rate risk

An increase in prevailing interest rates typically causes the value of fixed income securities to fall. Changes in interest rates will likely affect the value of longer-duration fixed income securities more than shorter-duration securities and higher quality securities more than lower quality securities. When interest rates are falling, some fixed income securities provide that the issuer may repay

them earlier than the maturity date, and if this occurs the Fund may have to reinvest these repayments at lower interest rates.

Risks associated with credit default swaps

The Fund may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “protection buyer”) to transfer credit risk of an entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a “credit event”) experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

No distributions risk

It is currently intended that distributions will be made in respect of the Distribution Shares on a monthly basis in the reference currency of the relevant Class. However, investors should note that the Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

TAXATION

The following is based on the Company’s understanding of certain aspects of the law and practice currently in force. There can be no guarantee that the tax position or proposed tax position at the date of this document or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

General

Distributions may be made by the Company by way of dividend in respect of the Fund. Investors in some jurisdictions may incur a higher rate of tax on distributions than might be the case on any capital gains which are realised by that investor upon redemption or disposal of its Shares. Some investors may therefore prefer to subscribe for Accumulation Shares instead of the Distribution Shares. Shareholders may be taxed at a later point in time on income and capital gains arising in respect of Accumulation Shares than might be the case with respect to Distribution Shares. Monthly distributions may be made in respect of Distribution Shares before any deduction or accrual for fees and expenses. Such distributions may be made out of capital or capital gains. Distributions out of capital or capital gains may cause a reduction of an investor’s original capital invested in the Fund. Furthermore, any distributions from income and/or involving the Fund’s capital and/or capital gains may result in an immediate reduction of the Net Asset Value per Share of the Fund.

STRICTLY PRIVATE AND CONFIDENTIAL

APPENDIX 4 TO OFFERING MEMORANDUM

This Appendix forms part of and is, unless otherwise stated, qualified in its entirety by the contents of the Offering Memorandum dated June 2016 (the “Offering Memorandum”) in respect of UBS (CAY) Investment Fund SPC (the “Company” or “UBS (CAY) Investment Fund”). This Appendix should only be read in conjunction with the Offering Memorandum.

This Appendix relates only to Shares of the UBS Asia Fixed Income Fund Segregated Portfolio (the “Fund” or “UBS Asia Fixed Income Fund”).

UBS (CAY) Investment Fund SPC

(an open-ended segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Asia Fixed Income Fund Segregated Portfolio

(a sub-fund and segregated portfolio of the Company)

June 2016

UBS ASIA FIXED INCOME FUND SEGREGATED PORTFOLIO

The following information relates to the UBS Asia Fixed Income Fund, a segregated portfolio of UBS (CAY) Investment Fund. Accordingly references in this Appendix to “Fund” and “Shares” relate to UBS Asia Fixed Income Fund and Shares attributed to it respectively.

DEFINITIONS

“Business Day”	in respect of the Fund, any day (other than Saturday and Sunday) on which banks and securities exchanges are open for normal business in Hong Kong, Singapore and the United States and/or such date or dates as the Directors may from time to time determine provided that where, as a result of a number 8 typhoon signal, black rainstorm warning or similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors otherwise determine.
“Class K-1-qdist Shares”	the Class K-1-qdist (USD) Shares.
“Class K-1-qdist (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class K-1-qdist (USD) Share.
“Dealing Day”	each Business Day or such other day or days as the Directors may from time to time determine.
“Distribution Shares”	the Class K-1-qdist Shares.
“Fund” or “UBS Asia Fixed Income Fund”	UBS Asia Fixed Income Fund Segregated Portfolio.
“Initial Issue Price”	the initial offer price per Share of Shares of each Class of the Fund, as set out in the section headed “Subscriptions” below.
“Initial Offer Period”	in respect of any Class, the period commencing at 9.00 am (Hong Kong time) on the relevant Offer Start Date and ending at such time and on such date as determined by the Manager (or any other period as the Manager may determine in its discretion).
“Investment Manager”	UBS Asset Management (Singapore) Ltd.
“Offer Start Date”	in respect of any Class, the date specified in the section headed “Subscriptions” below.
“Shares”	the Class K-1-qdist Shares, each of which has a par value of USD0.001 per Share and each of which will be attributable to a separate Class Account attributable to the Fund.

BASE CURRENCY

The base currency of the Fund will be USD.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The investment objective of the Fund will be to seek to achieve total return by investing in a portfolio of fixed income securities primarily denominated in USD of issuers in the Asia ex-Japan region.

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

Investment approach

The Fund will be actively managed and will seek to achieve its investment objective by investing primarily in USD-denominated fixed income securities of issuers in the Asia ex-Japan credit market. The Fund's portfolio may comprise securities issued by sovereign, quasi-sovereign and/or corporate issuers across different sectors.

The Investment Manager will normally adopt a buy-and-hold to maturity approach, but will also monitor and review all the securities in the Fund's portfolio on a regular basis, and take appropriate action as necessary. In seeking to achieve the investment objective, the Investment Manager will select securities for the Fund's portfolio primarily through the conduct of fundamental credit analysis of individual securities to determine if the credit quality of the securities in question is sufficient for a held-to-maturity mandate.

A relative-value approach to country/sector allocation and security selection is also used in order to select the most suitable investments for the Fund, rather than by attempting to predict the future direction of underlying bond yields. The asset allocation strategy may change depending on prevailing market circumstances. The Fund does not attempt to follow benchmark indices in determining the geographical or sector weightings of the Fund. As such, there are no fixed geographical or sectorial weightings in the allocation of assets in the Fund.

Investment and borrowing restrictions

The Company in respect of the Fund will not utilise leverage through borrowing cash for the purposes of making investments. However, the Company, in respect of the Fund, will be authorised to borrow up to 10% of its latest available Net Asset Value and may borrow cash or utilise other credit facilities for the purposes of foreign exchange hedging or the payment of the Fund's ongoing operational costs and payment of redemption proceeds. Cash may be borrowed from banks and other financial institutions. The Fund Assets attributable to the Fund may be charged or pledged as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager and/or the Investment Manager, as applicable, shall as a priority take all steps necessary within a reasonable period of time to remedy the situation, having regard to the interests of the Shareholders.

MANAGEMENT

The Investment Manager

The Manager has delegated power to manage and invest certain assets of the Fund to the Investment Manager, UBS Asset Management (Singapore) Ltd. The Investment Manager has full discretion to invest certain assets of the Fund in pursuit of the investment objective and approach and subject to the investment restrictions described herein.

The Investment Manager was incorporated with limited liability in Singapore on 17 December 1993. The Investment Manager is authorised and regulated in Singapore in the conduct of its investment business by the Monetary Authority of Singapore. The Investment Manager is part of the Asset Management Business Division of the UBS Group AG.

SUBSCRIPTIONS

Availability to investors

Class K-1-qdist Shares are available to all investors.

Initial offer

Shares may be subscribed for during the relevant Initial Offer Period at the following Initial Issue Prices:

Class	Initial Issue Price (exclusive of any initial fee)	Offer Start Date
Class K-1-qdist (USD) Shares	USD100	To be determined by the Manager

Applicants for Shares during an Initial Offer Period must complete a subscription application and send it to the Administrator's Delegate so as to be received by no later than 6.00 pm (Hong Kong time) on the last Business Day of the Initial Offer Period. Cash subscription monies must be sent by wire transfer, net of bank charges, so that cleared funds are received in the Company's account by no later than 6.00 pm (Hong Kong time) one Business Day after the last Business Day of the relevant Initial Offer Period. Subject to this, Shares are deemed to be issued on the Business Day immediately following the close of the Initial Offer Period.

The Manager may determine that Shares of any Class will not be issued if subscriptions for Shares of such Class totalling at least USD100 million have not been received during the relevant Initial Offer Period or if subscriptions for Shares of any Class totalling at least USD50 million have not been received by the end of the relevant Initial Offer Period. In such circumstances, subscription proceeds will be returned to applicants (without interest) by telegraphic transfer (at the risk of, and cost to, each such applicant) as soon as possible following the end of the Initial Offer Period.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period, Shares may be purchased on any relevant Dealing Day.

A completed subscription application must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on the relevant Dealing Day. The Subscription Price will be equal to the Net Asset Value per Share as at the Dealing Day on which the application is effective (and is exclusive of any initial fee).

Subscription monies must be paid by the applicant in cleared funds in full, in the reference currency of the Class of Shares being subscribed, by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the Fund, and the Manager may require the applicant to pay to the Company, for the account of the Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription monies in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time.

Rejection of applications

The Company may reject any application in whole or part and without giving any reason for doing so. In the event of an application being rejected, the amount paid on application or the balance thereof, as the case may be, will be returned (without interest) as soon as practicable in USD or the currency of subscription, as applicable, at the risk and cost of the applicant.

Smallest tradable unit

Fractions of Shares will be issued, and accordingly subscriptions, redemptions and exchanges will be subject to the following smallest tradable units:

Class	Smallest tradable unit
Class K-1-qdist (USD) Shares	0.001 Share

Initial fee

The Company and/or the Manager may appoint one or more distributors to solicit subscriptions for Shares. Such distributors may charge applicants an initial fee of up to 3% of the amount subscribed for the Shares (exclusive of the amount subscribed for the Shares). The relevant distributor may waive the payment of all or part of the initial fee.

Minimum investment

In respect of the Fund, the minimum initial investment per applicant irrespective of which Class or Classes being subscribed will be USD100 million or its equivalent in the reference currency or currencies of the Shares being subscribed, or such other minimum investment as may be required by Cayman Islands law.

In respect of each Class, the minimum initial investment per applicant is as follows:

Class	Minimum initial investment
Class K-1-qdist (USD) Shares	USD100 million (or an equivalent amount in the reference currency of the Shares being subscribed)

The Directors may, generally or in any particular case, determine that the minimum initial investment per applicant of a lesser amount applies, provided that such lesser amount is consistent with the Fund being registered under section 4(3) of the Mutual Funds Law.

Distributors may impose different minimum investment amounts, which in some cases may be less than the minimum amounts set out above. Investors should check with the distributors for details.

REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on any Dealing Day. A completed redemption request must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on any Dealing Day.

The Redemption Price will be equal to the Net Asset Value per Share as at the relevant Dealing Day.

Minimum redemption and minimum holding

Subject to the smallest tradable unit of each Class, the Fund does not impose any minimum redemption requirement or any minimum holding (although Shares may be compulsorily redeemed where the Net Asset Value of the Fund falls below the level described below under the section headed "Compulsory redemption").

Redemption fee

A redemption fee is payable to the Fund in respect of Class K-1-qdist (USD) Shares:

- (a) for Class K-1-qdist (USD) Shares which have been held by the redeeming Shareholder for less than 12 calendar months after their date of issue, a redemption fee of 0.6% of the redemption proceeds;
- (b) for Class K-1-qdist (USD) Shares which have been held by the redeeming Shareholder for at least 12 calendar months but less than 24 calendar months after their date of issue, a redemption fee of 0.3% of the redemption proceeds; and
- (c) for Class K-1-qdist (USD) Shares which have been held by the redeeming Shareholder for at least 24 calendar months after their date of issue, no redemption fee will be payable to the Fund.

The redemption fee will be determined by reference to the time when the relevant Class K-1-qdist (USD) Shares were originally issued. The redemption proceeds will be reduced by the amount of the applicable redemption fee, net of bank charges and any other fees, and the net amount will be paid to the redeeming Shareholder. The redemption fee will be retained by the Investment Manager. The Directors may in their discretion generally or in any particular case waive the payment of all or part of the redemption fee.

Settlement

Payment of redemption proceeds will normally be made in the reference currency of the Class of Shares being redeemed within 3 Business Days of the later of: (1) the relevant Dealing Day; and (2) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in which a substantial portion of the Fund's direct or indirect investments will be made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable. In such instances, settlement period may take longer than a month.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

Redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not materially to prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing in aggregate more than 10% (or such higher percentage as the Directors determine)

of the total number of Shares attributable to the Fund then in issue, the Directors will be entitled to reduce the requests rateably and pro rata amongst all Shareholders who have submitted redemption requests on the relevant Dealing Day. Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares attributable to the Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the original redemption requests are fully carried out. The Directors will be entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

EXCHANGES

The exchange of Shares of one Class for Shares of another Class in the Fund or shares attributable to another segregated portfolio of the Company will be permitted. An exchange fee of up to 1% of the value of Shares being exchanged may be payable to the Manager or an authorised distributor in respect of the Fund.

Any such exchange will be made on an Exchange Dealing Day, subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged and a completed exchange request must be received by the Administrator's Delegate by 6 pm (HK time) prior to the Exchange Dealing Day, unless decided otherwise by the Manager at its discretion.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for shares attributable to another segregated portfolio of the Company. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the rate of exchange available to the Administrator or the Administrator's Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

SUSPENSION

Directors may, from time to time, in their absolute discretion and for any reason, declare a suspension of (a) the calculation of the Net Asset Value of any Class; (b) the issue of Shares of any Class; (c) the right to require redemption of Shares of any Class; and/or (d) the payment of redemption proceeds (even where neither the calculation of Net Asset Value nor the right to redeem has been suspended) (each a "Suspension"). Notwithstanding the generality of the foregoing, the Directors reserve the right to declare a Suspension in respect of the Fund in the circumstances described under "Suspension of calculation of Net Asset Value and the issue and redemption of Shares" in the section headed "Net Asset Value" of the Offering Memorandum, which include, but are not limited to, the whole or any part of a period:

- (i) during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Fund is quoted, listed, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended; or
- (ii) where an underlying collective investment scheme in which the Fund holds a material holding does not publish the requisite net asset value for the relevant Valuation Day and/or is not open for subscriptions or redemptions and/or subscriptions, redemptions or payment of redemption proceeds in respect of shares or interests in such underlying scheme are restricted or suspended and/or the calculation of valuations by such underlying fund are suspended.

DISTRIBUTION POLICY

General

The Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Distribution Shares

The Directors intend to make quarterly distributions in relation to the Distributing Shares which may not be limited to the realised capital gains and net income of the Fund and which may reduce the Net Asset Value of the relevant Class. For the avoidance of doubt, such payments shall include gross-of-fee distributions.

Distributions will be paid in the reference currency of the relevant Class in compliance with applicable laws. The Fund's distribution policy may be amended by the Directors.

REPORTS AND FINANCIAL STATEMENTS

The financial year for the Company will end on 31 December in each year.

An annual report with audited financial statements of the Company will be prepared in accordance with IFRS for each financial year. The first financial statements for the Fund will cover the period from the date of its inception to 31 December 2016.

FEES AND EXPENSESManagement Fee and Fund Servicing Fee

The Manager will be entitled to receive from the Company in respect of the Fund a Management Fee in respect of each Class. The Manager may from time to time at its sole discretion and out of its own resources rebate to some or all Shareholders or their agents or to intermediaries, part or all of its Management Fees. Any such rebates may be applied in paying up additional Participating Shares to be issued to some or all Shareholders.

The Manager is also entitled to receive from the Fund a Fund Servicing Fee in respect of each Class.

The Management Fee and the Fund Servicing Fee in respect of each Class, calculated as at each Valuation Point and payable monthly in arrears, are as follows:

Class	Management Fee* (% per annum of the Net Asset Value of the Class Account)	Fund Servicing Fee* (% per annum of the Net Asset Value of the Class Account)
Class K-1-qdist (USD) Shares	up to 0.500%	up to 0.125%

* before deduction of any accrued Management Fee and any Fund Servicing Fee

Performance Fee

The Manager does not intend to charge a Performance Fee in respect of the Fund.

Investment Manager

The Manager will be responsible for remunerating the Investment Manager.

Custodian Fee and Administration Fee

The Company will pay the Custodian and the Administrator, in respect of the Fund, a Custodian Fee and an Administration Fee respectively, such fees being at rate(s) agreed between the Company and the Administrator or the Custodian (as the case may be), from time to time. No maximum amount of such fees has been agreed between the Company, in respect of the Fund, and the Custodian or the Administrator.

The Custodian and Administrator are also reimbursed from the Company for all out-of-pocket expenses incurred in performing their services to the Fund, including but not limited to any costs and expenses associated with sale and purchase transaction of securities, preparation of annual and semi-financial statements, statutory filing in the Cayman Islands, and any additional duties as may be required from time to time and as agreed between the Manager and the Custodian or the Administrator (as the case may be).

Other fees and expenses

The total costs and expenses of establishing the Fund will be payable out of the proceeds of the initial issue of Shares. Such costs and expenses will be amortised within the first three financial years of the Fund unless the Directors decide that some other method shall be applied. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

ADDITIONAL RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund will utilise investment techniques which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should refer to the relevant risks mentioned in the section headed "Risk Factors" in the Offering Memorandum, and should also consider, among others, the following additional risk factors before subscribing for Shares.

Risks of asset allocation

In developing and/or restricted markets in certain Asian countries, lack of availability or liquidity of securities may not at all times allow for implementation of the Fund's investment approach. This may lead to temporary deviations from the targeted asset allocation, which may have an adverse effect on the performance of the Fund.

Risks associated with credit and credit spreads

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to or guarantor of a derivative contract, is unable or unwilling to meet its financial obligations. This risk is likely to be greater for lower quality investments than for investments that are higher quality.

The Fund will make investments that expose them to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share of each Class.

Risks associated with concentration

In the event that one or only a few financial instruments make up a significant part of the total portfolio of the Fund or that financial instruments representing a certain market sector and/or a certain geographical region make up a significant part of the total portfolio, the Fund could suffer more substantial losses than would have been the case had the portfolio been more diversified (i.e. spread over different assets, market sectors and/or geographical regions).

Please also refer to the risk factor headed “Concentration of Investments” of the Offering Memorandum for further general information relating to concentration risk.

Risks associated with illiquidity

The Fund’s assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly-traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult or impossible. At times, it may be difficult to obtain price quotes at all. Furthermore, the sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to value any such investments accurately. Accordingly, the Fund’s ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainty.

Please refer to the risk factor headed “Liquidity and market characteristics” of the Offering Memorandum for further general information relating to the risk of illiquidity.

Risk associated with derivatives

The Fund may invest in financial derivative instruments for investment, hedging and efficient portfolio management purposes. Please refer to the risk factor headed “Derivatives” of the Offering Memorandum for further general information relating to certain risks of investment in derivatives.

Risks associated with over-the-counter derivatives

The Fund may use over-the-counter derivatives which create additional risks for the Fund. Please refer to the risk factor headed “OTC market risk and regulation of OTC transactions” of the Offering Memorandum for further general information relating to certain risks of investment in over-the-counter derivatives.

Risks associated with debt securities and deposits

The Fund will be exposed to the credit risk of issuers of debt securities that the Fund may invest in and the institutions with which the Fund may place cash in fixed deposits. Such debt securities may be unsecured debt obligations and may not be supported by any collateral. In respect of such debt securities the Fund will be fully exposed to the credit risk of their counterparties as unsecured creditors.

An increase in interest rates may adversely impact the value of debt securities held by the Fund, leading to a loss on their investments. The credit rating of the issuers of the fixed income instruments may be downgraded, thus adversely affecting the value and performance of the Fund.

For debt securities issued by issuers that are not rated, they may assume greater risks because of generally lower creditworthiness and liquidity, and greater fluctuation in value and higher chance of default than investment grade debt instruments.

In respect of the Fund’s investments in investment grade debt securities, the credit quality and liquidity of the Fund’s investment portfolio may deteriorate when any such investment or the credit rating of its issuer falls below investment grade. The Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Fund.

In the event that the Fund places a significant amount of cash in fixed deposits, it will be exposed to the risk that, in order to meet redemption requests or respond to sudden changes in market circumstances, it may need to terminate a fixed deposit before the expiry of its term, in which case

the Fund will need to bear any fees or penalties associated with such early termination. Any such fees or expenses will be borne by the Fund and may adversely affect its Net Asset Value.

Please refer to the risk factor headed “Debt instruments” of the Offering Memorandum for further general information relating to interest rate, credit and downgrade risks.

Risks relating to interest rates

An increase in prevailing interest rates typically causes the value of fixed income securities to fall. Changes in interest rates will likely affect the value of longer-duration fixed income securities more than shorter-duration securities and higher quality securities more than lower quality securities. When interest rates are falling, some fixed income securities provide that the issuer may repay them earlier than the maturity date, and if this occurs the Fund may have to reinvest these repayments at lower interest rates.

No distributions risk

It is currently intended that distributions will be made in respect of the Distribution Shares on a quarterly basis in the reference currency of the relevant Class. However, investors should note that the Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Risks relating to emerging markets

The Fund may invest in securities of companies incorporated in, or whose business operations are in or substantially connected with, emerging markets in Asia and therefore additional risks may be encountered. These include, but are not limited to, the following:

- (a) *Political and economic factors:* Investing in emerging markets involves certain risks not typically associated with investing in the securities of issuers in more established markets, including: (i) political and economic risks, such as greater risks of expropriation, nationalisation and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; (iv) certain national policies which may restrict the investment opportunities of the Fund, including restrictions on investing in issuers or industries deemed sensitive to the national interest; and (v) bureaucratic restraints relating to investment in the country.
- (b) *Developing legal system:* At present, the securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent, interpretation and enforcement involve significant uncertainty. In particular, laws governing business organisations, bankruptcy and insolvency in emerging markets may provide substantially less protection to security holders than that provided by the laws of more developed countries.
- (c) *Market considerations:* As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. Settlement of transactions may be subject to delay and administrative uncertainties.
- (d) *Currency:* The currencies in which investments are denominated may be unstable and/or subject to significant depreciation. Such currencies may not be freely convertible.
- (e) *Custody risk:* Custodians are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more

developed markets. In particular, there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

- (f) *Disclosure:* Less complete and reliable fiscal and other information may be available to investors.

PRC risks

The Fund may invest in fixed income securities of issuers in the PRC. Investing in the securities of PRC companies is subject to the risks of investing in emerging markets generally.

Economic, political and social risks

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of the Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the fixed income instruments in the Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed

financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC taxation risk

By investing in securities issued by PRC tax resident enterprises, the Fund may be subject to PRC taxes. The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

STRICTLY PRIVATE AND CONFIDENTIAL

APPENDIX 5 TO OFFERING MEMORANDUM

This Appendix forms part of and is, unless otherwise stated, qualified in its entirety by the contents of the Offering Memorandum dated June 2016 (the “Offering Memorandum”) in respect of UBS (CAY) Investment Fund SPC (the “Company” or “UBS (CAY) Investment Fund”). This Appendix should only be read in conjunction with the Offering Memorandum.

This Appendix relates only to Shares of the UBS Asian Bonds 2020 Segregated Portfolio (the “Fund” or “UBS Asian Bonds 2020”).

UBS (CAY) Investment Fund SPC

(an open-ended segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number WK-247186)

UBS Asian Bonds 2020 Segregated Portfolio

(a sub-fund and segregated portfolio of the Company)

June 2016

UBS ASIAN BONDS 2020 SEGREGATED PORTFOLIO

The following information relates to the UBS Asian Bonds 2020, a segregated portfolio of UBS (CAY) Investment Fund. Accordingly references in this Appendix to “Fund” and “Shares” relate to UBS Asian Bonds 2020 and Shares attributed to it respectively.

DEFINITIONS

“Accumulation Shares”	the Class A Shares, Class K-1 Shares and/or the Class Q Shares, as the context requires.
“Business Day”	in respect of the Fund, any day (other than Saturday and Sunday) on which banks and securities exchanges are open for normal business in Hong Kong, Singapore and the United States and/or such date or dates as the Directors may from time to time determine provided that where, as a result of a number 8 typhoon signal, black rainstorm warning or similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors otherwise determine.
“Class A Shares”	the Class A (USD) Shares.
“Class A (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A (USD) Share.
“Class A-qdist Shares”	the Class A-qdist (USD) Shares.
“Class A-qdist (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class A-qdist (USD) Share.
“Class K-1 Shares”	the Class K-1 (USD) Shares.
“Class K-1 (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class K-1 (USD) Share.
“Class K-1-qdist Shares”	the Class K-1-qdist (USD) Shares.
“Class K-1-qdist (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class K-1-qdist (USD) Share.
“Class Q Shares”	the Class Q (USD) Shares.
“Class Q (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class Q (USD) Share.
“Class Q-qdist Shares”	the Class Q-qdist (USD) Shares.
“Class Q-qdist (USD) Share”	an ordinary participating share in the Company whose reference currency is USD and which is designated as a Class Q-qdist (USD) Share.

“Dealing Day”	each Business Day or such other day or days as the Directors may from time to time determine.
“Distribution Shares”	the Class A-qdist Shares, the Class K-1-qdist Shares and/or the Class Q-qdist Shares, as the context requires.
“Fund” or “UBS Asian Bonds 2020”	UBS Asian Bonds 2020 Segregated Portfolio.
“Initial Issue Price”	the initial offer price per Share of Shares of each Class of the Fund, as set out in the section headed “Subscriptions” below.
“Initial Offer Period”	in respect of any Class, the period commencing at 9.00 am (Hong Kong time) on the relevant Offer Start Date and ending at such time and on such date as determined by the Manager (or any other period as the Manager may determine in its discretion).
“Investment Manager”	UBS Asset Management (Singapore) Ltd.
“Offer Start Date”	in respect of any Class, the date specified in the section headed “Subscriptions” below.
“Term”	the period from the Offer Start Date (or if more than one, the first Offer Start Date) until a date to be determined by the Directors prior to the end of the Initial Offer Period (or if more than one, the first Initial Offer Period) and notified to Shareholders falling no later than 31 December 2020.
“Shares”	<p>the Class A Shares; the Class A-qdist Shares; the Class K-1 Shares; the Class K-1-qdist Shares; the Class Q Shares; and/or the Class Q-qdist Shares,</p> <p>as the context requires, each of which has a par value of USD0.001 per Share and each of which will be attributable to a separate Class Account attributable to the Fund.</p>

BASE CURRENCY

The base currency of the Fund will be USD.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS

Investment objective

The investment objective of the Fund will be to seek to achieve total return by investing in a portfolio of fixed income securities primarily denominated in USD of issuers in the Asia ex-Japan region. The Fund will in general take a buy-and-hold to maturity approach, investing in a diversified portfolio of fixed income securities. However, the Investment Manager will regularly monitor and review all the securities in the portfolio and take appropriate actions as necessary.

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

Investment approach

The Fund will be actively managed and will seek to achieve its investment objective by investing primarily in USD-denominated fixed income securities of issuers in the Asia ex-Japan credit market. The Fund will invest in both investment grade and non-investment grade securities. The Fund will invest in a portfolio of fixed income securities issued by Asia ex-Japan sovereign, quasi-sovereign and corporate issuers across different sectors.

The Investment Manager will in general adopt a buy-and-hold to maturity approach, but will also monitor and review all the securities in the Fund's portfolio on a regular basis, and take appropriate actions as necessary. As such, the Fund is suitable for investors who wish to invest in a diversified portfolio of bonds in the Asia ex-Japan markets and whose investment horizon extends to the end of the Term.

In seeking to achieve the investment objective, the Investment Manager will select securities for the Fund's portfolio primarily through the conduct of fundamental credit analysis of individual securities to determine if the credit quality of the securities in question is sufficient for a held-to-maturity mandate.

A relative-value approach to country/sector allocation and security selection is also adopted in order to select the most suitable investments for the Fund, rather than by attempting to predict the future direction of underlying bond yields. The asset allocation may change depending on prevailing market circumstances. The Fund does not attempt to follow benchmark indices in determining the geographical or sector weightings of the Fund. As such, there are no fixed geographical or sectorial weightings in the allocation of assets in the Fund.

Investment and borrowing restrictions

The Company in respect of the Fund will not utilise leverage through borrowing cash for the purposes of making investments. However, the Company, in respect of the Fund, will be authorised to borrow up to 10% of its latest available Net Asset Value and may borrow cash or utilise other credit facilities for the purposes of foreign exchange hedging or the payment of the Fund's ongoing operational costs and payment of redemption proceeds. Cash may be borrowed from banks and other financial institutions. The Fund Assets attributable to the Fund may be charged or pledged as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager and/or the Investment Manager, as applicable, shall as a priority take all steps necessary within a reasonable period of time to remedy the situation, having had regard to the interests of the Shareholders.

MANAGEMENTThe Investment Manager

The Manager has delegated the power to manage and invest certain assets of the Fund to the Investment Manager, UBS Asset Management (Singapore) Ltd. The Investment Manager has full discretion to invest certain assets of the Fund in pursuit of the investment objective and approach and subject to the investment restrictions described herein.

The Investment Manager was incorporated with limited liability in Singapore on 17 December 1993. The Investment Manager is authorised and regulated in Singapore in the conduct of its fund business by the Monetary Authority of Singapore. The Investment Manager is part of the Asset Management Business Division of the UBS Group AG.

SUBSCRIPTIONS

Subscriptions for Shares of each Class will be closed upon the expiry of the relevant Initial Offer Period, and may be reopened at the discretion of the Manager.

Availability to investors

Class A Shares, Class A-qdist Shares, Class K-1 Shares and Class K-1-qdist Shares are available to all investors.

Class Q Shares and Class Q-qdist Shares are available only: (i) for distribution pursuant to UBS AG advisory and/or discretionary agreements in Switzerland; or (ii) to investors domiciled in other countries, if they are investment professionals and a written agreement exists with UBS AG; and who make the following investments in their own name (a) on their own behalf; (b) on behalf of their clients within a (discretionary) asset management agreement; or (c) on behalf of their clients within the framework of an advisory relationship established in writing, in return for payment; or (d) on behalf of a collective investment managed by a professional of the financial sector.

Admission of investors in further distribution countries shall be decided by the Directors at their sole discretion and disclosed on www.ubs.com/funds.

Initial offer

Shares may be subscribed for during the relevant Initial Offer Period at the following Initial Issue Prices:

Class	Initial Issue Price (exclusive of any initial fee)	Offer Start Date
Class A (USD) Shares	USD100	To be determined by the Manager
Class A-qdist (USD) Shares	USD100	To be determined by the Manager
Class K-1 (USD) Shares	USD100	To be determined by the Manager
Class K-1-qdist (USD) Shares	USD100	To be determined by the Manager
Class Q (USD) Shares	USD100	To be determined by the Manager
Class Q-qdist (USD) Shares	USD100	To be determined by the Manager

Applicants for Shares during an Initial Offer Period must complete a subscription application and send it to the Administrator's Delegate so as to be received by no later than 6.00 pm (Hong Kong time) on the last Business Day of the Initial Offer Period. Cash subscription monies must be sent by wire transfer, net of bank charges, so that cleared funds are received in the Company's account by no later than 11.59 pm (Hong Kong time) one Business Day after the last Business Day of the relevant Initial Offer Period. Subject to this, Shares are deemed to be issued on the Business Day immediately following the close of the Initial Offer Period.

The Manager may determine that Shares of any Class will not be issued if subscriptions for Shares of such Class totalling at least USD100 million have not been received during the relevant Initial Offer Period or if subscriptions for Shares of any Class totalling at least USD50 million have not been received by the end of the relevant Initial Offer Period. In such circumstances, subscription proceeds will be returned to applicants (without interest) by telegraphic transfer (at the risk of, and cost to, each such applicant) as soon as possible following the end of the Initial Offer Period.

Subsequent subscriptions

Where Shares of any Class are open for subscription at the Manager's discretion following the close of the relevant Initial Offer Period, the following procedures will apply.

A completed subscription application must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on the relevant Dealing Day. The Subscription Price will be equal to the Net Asset Value per Share as at the Dealing Day on which the application is effective (and is exclusive of any initial fee).

Subscription monies must be paid by the applicant in cleared funds in full, in the reference currency of the Class of Shares being subscribed, by no later than 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day. If cleared funds are not received in full by 11.59 pm (Hong Kong time) on the third Business Day following the relevant Dealing Day, the Company reserves the right to redeem compulsorily the relevant Shares issued on the relevant Dealing Day. In such event, any gain or losses incurred by the Company as a result of the compulsory redemption of Shares shall be for the account of the Fund, and the Manager may require the applicant to pay to the Company, for the account of the Fund, in respect of each Share redeemed, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of redemption, in addition to any reasonable handling fees and charges. Applicants will be required to indemnify and hold harmless each of the Company, the Directors, the Manager, the Administrator, the Administrator's Delegate and the Custodian against any losses, costs or expenses incurred by any of them as a result of the failure or default of the applicant to transmit subscription monies in immediately available funds to the account of the Company within the time specified, and the Company may, in the Directors' discretion, bring an action against any applicant who fails to submit payment on time.

Rejection of applications

The Company may reject any application in whole or part and without giving any reason for doing so. In the event of an application being rejected, the amount paid on application or the balance thereof, as the case may be, will be returned (without interest) as soon as practicable in USD or the currency of subscription, as applicable, at the risk and cost of the applicant.

Smallest tradable unit

Fractions of Shares will be issued, and accordingly subscriptions, redemptions and exchanges will be subject to the following smallest tradable units:

Class	Smallest tradable unit
Class A (USD) Shares	0.001 Share
Class A-qdist (USD) Shares	0.001 Share
Class K-1 (USD) Shares	0.001 Share
Class K-1-qdist (USD) Shares	0.001 Share
Class Q (USD) Shares	0.001 Share
Class Q-qdist (USD) Shares	0.001 Share

Initial fee

The Company and/or the Manager may appoint one or more distributors to solicit subscriptions for Shares. Such distributors may charge applicants an initial fee of up to 3% of the amount subscribed for the Shares (exclusive of the amount subscribed for the Shares). The relevant distributor may waive the payment of all or part of the initial fee.

Minimum investment

In respect of the Fund, the minimum initial investment per applicant irrespective of which Class or Classes being subscribed will be at least USD100,000 or its equivalent in the reference currency or

currencies of the Shares being subscribed, or such other minimum investment as may be required by Cayman Islands law.

In respect of each Class, the minimum initial investment per applicant is as follows:

Class	Minimum initial investment
Class A Shares and Class A-qdist Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)
Class K-1 Shares and Class K-1-qdist Shares	USD3 million (or an equivalent amount in the reference currency of the Shares being subscribed)
Class Q Shares and Class Q-qdist Shares	USD100,000 (or an equivalent amount in the reference currency of the Shares being subscribed)

The Directors may, generally or in any particular case, determine that the minimum initial investment per applicant of a lesser amount applies, provided that such lesser amount is consistent with the Fund being registered under section 4(3) of the Mutual Funds Law.

Distributors may impose different minimum investment amounts, which in some cases may be less than the minimum amounts set out above. Investors should check with the distributors for details.

REDEMPTIONS

Shares will be redeemable at the option of the Shareholder on any Dealing Day. A completed redemption request must be received by the Administrator's Delegate by no later than 6.00 pm (Hong Kong time) on any Dealing Day.

The Redemption Price will be equal to the Net Asset Value per Share as at the relevant Dealing Day.

Minimum redemption and minimum holding

Subject to the smallest tradable unit of each Class, the Fund does not impose any minimum redemption requirement or any minimum holding (although Shares may be compulsorily redeemed where the Net Asset Value of the Fund falls below the level described below under the section headed "Compulsory redemption" and on expiry of the Term).

Redemption fee

A redemption fee of 0.5% of the redemption proceeds is payable to the Fund in respect of Class A Shares, Class A-qdist Shares, Class K-1 Shares, Class K-1-qdist Shares, Class Q Shares and Class Q-qdist Shares.

The redemption proceeds will be reduced by the amount of the applicable redemption fee, net of bank charges and any other fees, and the net amount will be paid to the redeeming Shareholder. The redemption fee will be retained by the Fund. The Directors may in their discretion generally or in any particular case waive the payment of all or part of the redemption fee.

Settlement

Payment of redemption proceeds will normally be made in the reference currency of the Class of Shares being redeemed within 3 Business Days of the later of: (1) the relevant Dealing Day; and (2) the date on which the Administrator's Delegate has all documentation (including KYC documents) as may be required. It should be noted the settlement period may be longer where the markets in

which a substantial portion of the Fund's direct or indirect investments will be made is subject to legal or regulatory requirements (such as foreign currency controls or capital repatriation constraints) which may render the payment of redemption proceeds within the aforesaid period not practicable. In such instances, settlement period may take longer than a month.

Payment will be made in the reference currency of the relevant Class of Shares by direct transfer to the account in the name of the Shareholder.

Redemptions may, at the discretion of the Directors and subject to the approval of the Shareholder requesting the redemption of Shares, be effected *in specie* by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors) in satisfaction of the redemption proceeds. Any such appropriation will be effected in such manner as not materially to prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

Deferred redemption

In the event that redemption requests are received on a Dealing Day for the redemption of Shares representing in aggregate more than 10% (or such higher percentage as the Directors determine) of the total number of Shares attributable to the Fund then in issue, the Directors will be entitled to reduce the requests rateably and pro rata amongst all Shareholders who have submitted redemption requests on the relevant Dealing Day. Shares which are not redeemed on the original requested Dealing Day will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares attributable to the Fund then in issue). Shares will be redeemed at the Redemption Price on the Dealing Day on which they are actually redeemed, on a pro-rata basis amongst all redeeming Shareholders until the original redemption requests are fully carried out. The Directors will be entitled to reject any further redemption requests received after the redemption limit in respect of a Dealing Day has been reached.

Compulsory redemption on expiry of the Term

On the expiry of the Term, the Company will compulsorily redeem all outstanding Shares in respect of the Fund. Upon such compulsory redemption, each Shareholder whose Shares are being redeemed will be entitled to receive the Redemption Price in respect of his Participating Shares so redeemed, such Redemption Price to be paid to such Shareholder in accordance with the Articles, and from the day on which such compulsory redemption is effected shall have no other Shareholder's rights except the right to receive the Redemption Price and the right to receive any dividends declared but not yet paid. Please refer to details discussed under the section headed "Compulsory redemption" in the Offering Memorandum.

EXCHANGES

The exchange of Shares of one Class for Shares of another Class in the Fund or shares attributable to another segregated portfolio of the Company will be permitted. An exchange fee of up to 1% of the value of Shares being exchanged may be payable to the Manager or an authorised distributor in respect of the Fund.

Any such exchange will be made on an Exchange Dealing Day, subject to maintaining the relevant Minimum Holding in each Class if only some Shares of a Class are exchanged and a completed exchange request must be received by the Administrator's Delegate by 6.00 pm (HK time) prior to the Exchange Dealing Day, unless decided otherwise by the Manager at its discretion.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus may

result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for shares attributable to another segregated portfolio of the Company. Accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. If applicable, redemption proceeds will be converted into another currency at the rate of exchange available to the Administrator or the Administrator's Delegate and the cost of conversion will be deducted from the amount applied in subscribing for Shares of the other Class.

SUSPENSION

Directors may, from time to time, in their absolute discretion and for any reason, declare a suspension of (a) the calculation of the Net Asset Value of any Class; (b) the issue of Shares of any Class; (c) the right to require redemption of Shares of any Class; and/or (d) the payment of redemption proceeds (even where neither the calculation of Net Asset Value nor the right to redeem has been suspended) (each a "Suspension"). Notwithstanding the generality of the foregoing, the Directors reserve the right to declare a Suspension in respect of the Fund in the circumstances described under "Suspension of calculation of Net Asset Value and the issue and redemption of Shares" in the section headed "Net Asset Value" of the Offering Memorandum, which include, but are not limited to, the whole or any part of a period:

- (i) during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Fund is quoted, listed, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended; or
- (ii) where an underlying collective investment scheme in which the Fund holds a material holding does not publish the requisite net asset value for the relevant Valuation Day and/or is not open for subscriptions or redemptions and/or subscriptions, redemptions or payment of redemption proceeds in respect of shares or interests in such underlying scheme are restricted or suspended and/or the calculation of valuations by such underlying fund are suspended.

DISTRIBUTION POLICY

General

The Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Accumulation Shares

With respect to the Accumulation Shares, the Directors currently do not intend to make any distributions.

Distribution Shares

The Directors intend to make quarterly distributions in relation to the Distributing Shares which may not be limited to the realised capital gains and net income of the Fund and which may reduce the Net Asset Value of the relevant Class. For the avoidance of doubt, such payments shall include gross-of-fee distributions.

Distributions will be paid in the reference currency of the relevant Class in compliance with applicable laws. The Fund's distribution policy may be amended by the Directors.

REPORTS AND FINANCIAL STATEMENTS

The financial year for the Company will end on 31 December in each year.

An annual report with audited financial statements of the Company will be prepared in accordance with IFRS for each financial year. The first financial statements for the Fund will cover the period from the date of its inception to 31 December 2016.

FEES AND EXPENSES

Management Fee and Fund Servicing Fee

The Manager will be entitled to receive from the Company in respect of the Fund a Management Fee in respect of each Class. The Manager may from time to time at its sole discretion and out of its own resources rebate to some or all Shareholders or their agents or to intermediaries, part or all of its Management Fees. Any such rebates may be applied in paying up additional Participating Shares to be issued to some or all Shareholders.

The Manager is also entitled to receive from the Fund a Fund Servicing Fee in respect of each Class.

The Management Fee and the Fund Servicing Fee in respect of each Class, calculated as at each Valuation Point and payable monthly in arrears, are as follows:

Class	Management Fee* (% per annum of the Net Asset Value of the Class Account)	Fund Servicing Fee* (% per annum of the Net Asset Value of the Class Account)
Class A Shares and Class A-qdist Shares	up to 0.470%	up to 0.125%
Class K-1 Shares and Class K-1-qdist Shares	up to 0.370%	up to 0.125%
Class Q Shares and Class Q-qdist Shares	up to 0.320%	up to 0.125%

* before deduction of any accrued Management Fee and any Fund Servicing Fee

Performance Fee

The Manager does not intend to charge a Performance Fee in respect of the Fund.

Investment Manager

The Manager will be responsible for remunerating the Investment Manager.

Custodian Fee and Administration Fee

The Company will pay the Custodian and the Administrator, in respect of the Fund, a Custodian Fee and an Administration Fee respectively, such fees being at rate(s) agreed between the Company and the Administrator or the Custodian (as the case may be), from time to time. No maximum amount of such fees has been agreed between the Company, in respect of the Fund, and the Custodian or the Administrator.

The Custodian and Administrator are also reimbursed from the Company for all out-of-pocket expenses incurred in performing their services to the Fund, including but not limited to any costs and expenses associated with sale and purchase transaction of securities, preparation of annual and semi-financial statements, statutory filing in the Cayman Islands, and any additional duties as may be required from time to time and as agreed between the Manager and the Custodian or the Administrator (as the case may be).

Other fees and expenses

The total costs and expenses of establishing the Fund will be payable out of the proceeds of the initial issue of Shares. Such costs and expenses will be amortised within the first three financial years of the Fund unless the Directors decide that some other method shall be applied. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

ADDITIONAL RISK FACTORS

The nature of the Fund's investments involves certain risks and the Fund will utilise investment techniques which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should refer to the relevant risks mentioned in the section headed "Risk Factors" in the Offering Memorandum, and should also consider, among others, the following additional risk factors before subscribing for Shares.

Risks of asset allocation

In developing and/or restricted markets in certain Asian countries, lack of availability or liquidity of securities may not at all times allow for implementation of the Fund's investment approach. This may lead to temporary deviations from the targeted asset allocation, which may have an adverse effect on the performance of the Fund.

Risks associated with credit and credit spreads

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to or guarantor of a derivative contract, is unable or unwilling to meet its financial obligations. This risk is likely to be greater for lower quality investments than for investments that are higher quality.

The Fund will make investments that expose them to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share of each Class.

Risks associated with concentration

In the event that one or only a few financial instruments make up a significant part of the total portfolio of the Fund or that financial instruments representing a certain market sector and/or a certain geographical region make up a significant part of the total portfolio, the Fund could suffer more substantial losses than would have been the case had the portfolio been more diversified (i.e. spread over different assets, market sectors and/or geographical regions).

Please also refer to the risk factor headed "Concentration of Investments" of the Offering Memorandum for further general information relating to concentration risk.

Risks associated with illiquidity

The Fund's assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly-traded, making purchase or sale of such securities and financial

instruments at desired prices or in desired quantities difficult or impossible. At times, it may be difficult to obtain price quotes at all. Furthermore, the sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to value any such investments accurately. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainty.

Please refer to the risk factor headed "Liquidity and market characteristics" of the Offering Memorandum for further general information relating to the risk of illiquidity.

Risks associated with over-the-counter derivatives

The Fund may use over-the-counter derivatives which create additional risks for the Fund. Please refer to the risk factor headed "OTC market risk and regulation of OTC transactions" of the Offering Memorandum for further general information relating to certain risks of investment in over-the-counter derivatives.

Risks associated with debt securities and deposits

The Fund will be exposed to the credit risk of issuers of debt securities that the Fund may invest in and the institutions with which the Fund may place cash in fixed deposits. Such debt securities may be unsecured debt obligations and may not be supported by any collateral. In respect of such debt securities, the Fund will be fully exposed to the credit risk of their counterparties as unsecured creditors.

An increase in interest rates may adversely impact the value of debt securities held by the Fund, leading to a loss on their investments. The credit rating of the issuers of the fixed income instruments may be downgraded, thus adversely affecting the value and performance of the Fund.

For debt securities issued by issuers that are not rated, they may assume greater risks because of generally lower creditworthiness and liquidity, and greater fluctuation in value and higher chance of default than investment grade debt instruments.

In respect of the Fund's investments in investment grade debt securities, the credit quality and liquidity of the Fund's investment portfolio may deteriorate when any such investment or the credit rating of its issuer falls below investment grade. The Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Fund.

In the event that the Fund places a significant amount of cash in fixed deposits, it will be exposed to the risk that, in order to meet redemption requests or respond to sudden changes in market circumstances, it may need to terminate a fixed deposit before the expiry of its term, in which case the Fund will need to bear any fees or penalties associated with such early termination. Any such fees or expenses will be borne by the Fund and may adversely affect its Net Asset Value.

Please refer to the risk factor headed "Debt instruments" of the Offering Memorandum for further general information relating to interest rate, credit and downgrade risks.

Risks relating to interest rates

An increase in prevailing interest rates typically causes the value of fixed income securities to fall. Changes in interest rates will likely affect the value of longer-duration fixed income securities more than shorter-duration securities and higher quality securities more than lower quality securities. When interest rates are falling, some fixed income securities provide that the issuer may repay them earlier than the maturity date, and if this occurs the Fund may have to reinvest these repayments at lower interest rates.

No distributions risk

It is currently intended that distributions will be made in respect of the Distribution Shares on a quarterly basis in the reference currency of the relevant Class. However, investors should note that the Directors have discretion as to whether or not to make any distributions, the frequency of distribution and amount of distributions. There can be no guarantee of regular distribution and, if distribution is made, the amount being distributed.

Risks relating to emerging markets

The Fund may invest in securities of companies incorporated in, or whose business operations are in or substantially connected with, emerging markets in Asia and therefore additional risks may be encountered. These include, but are not limited to, the following:

- (a) *Political and economic factors:* Investing in emerging markets involves certain risks not typically associated with investing in the securities of issuers in more established markets, including: (i) political and economic risks, such as greater risks of expropriation, nationalisation and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; (iv) certain national policies which may restrict the investment opportunities of the Fund, including restrictions on investing in issuers or industries deemed sensitive to the national interest; and (v) bureaucratic restraints relating to investment in the country.
- (b) *Developing legal system:* At present, the securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent, interpretation and enforcement involve significant uncertainty. In particular, laws governing business organisations, bankruptcy and insolvency in emerging markets may provide substantially less protection to security holders than that provided by the laws of more developed countries.
- (c) *Market considerations:* As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. Settlement of transactions may be subject to delay and administrative uncertainties.
- (d) *Currency:* The currencies in which investments are denominated may be unstable and/or subject to significant depreciation. Such currencies may not be freely convertible.
- (e) *Custody risk:* Custodians are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more developed markets. In particular, there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.
- (f) *Disclosure:* Less complete and reliable fiscal and other information may be available to investors.

PRC risks

The Fund may invest in fixed income securities of issuers in the PRC. Investing in the securities of PRC companies is subject to the risks of investing in emerging markets generally.

Economic, political and social risks

The economy of China, which has been in a state of transition from a planned economy to a more

market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of the Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the fixed income instruments in the Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

PRC taxation risk

By investing in securities issued by PRC tax resident enterprises, the Fund may be subject to PRC taxes. The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

TAXATION

The following is based on the Company's understanding of certain aspects of the law and practice

currently in force. There can be no guarantee that the tax position or proposed tax position at the date of this document or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Distributions may be made by the Company by way of dividend in respect of the Fund. Investors in some jurisdictions may incur a higher rate of tax on distributions than might be the case on any capital gains which are realised by that investor upon redemption or disposal of its Shares. Some investors may therefore prefer to subscribe for Accumulation Shares instead of the Distribution Shares. Shareholders may be taxed at a later point in time on income and capital gains arising in respect of Accumulation Shares than might be the case with respect to Distribution Shares. Quarterly distributions may be made in respect of Distribution Shares before any deduction or accrual for fees and expenses. Such distributions may be made out of capital or capital gains. Distributions out of capital or capital gains may cause a reduction of an investor's original capital invested in the Fund. Furthermore, any distributions from income and/or involving the Fund's capital and/or capital gains may result in an immediate reduction of the Net Asset Value per Share of the Fund.